

Malaysia: What Price "Success"?

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Front cover photo by Randy West

A Note from the Staff

Glenn Hirsch's credit is missing from this issue of the *Chronicle*. Since 1977, Glenn has been responsible for turning the *Chronicle* into a professionally designed magazine and helping the center present a brighter face to the world in everything from letterhead to catalogs. He has also devoted his considerable energies to finding ways to reach more people with the information we produce. Glenn is moving on, but his influence will still be felt . . . and seen . . . in our work.

The *Changing Role of S.E. Asian Women*, issue 66 of the *Chronicle*, is still making waves. It is now in its third printing in just over a year. And Rachael Grossman, who researched and wrote the major article in the issue, was invited to present her findings to a March conference in new Delhi. Sponsored by the United Nations Institute for Training and Research, the gathering dealt with "Alternative Development Strategies and the Future of Asia."

As part of our research, we regularly clip all articles on Southeast Asia from the *New York Times*, the *Washington Post*, the *Christian Science Monitor* and the *Asian Wall Street Journal*. If there is enough interest, we could make photocopies of these clippings available on a subscription basis. The charge, for two packets per month, would be \$20 within the United States, by first class, and \$25 abroad, by air mail. If you would be interested in subscribing, please let us know. Do not send money yet. We will let you know when the time comes for that.

We said it in our last issue and we'll say it again. You, our readers, are our best advertising. Please recommend the *Chronicle* to friends who might be interested in subscribing or in ordering particular back issues. If you are a student or a teacher, do check with your college library to see whether it has subscribed to the *Chronicle* yet. And if you will be attending meetings where particular issues of the *Chronicle* could provide valuable background information, consider ordering them in bulk to sell (or give away, if you're feeling generous).

The Resource Center Staff

Staff members are Rachael Grossman, Santi Mingmongkol, Joel Rocamora, John Spragens, Jr., and Martha Winnacker. Research assistance is provided by Maurine Jurkowski, Glenda Pawsey, David Roach and Ted Vorster.

The Southeast Asia Resource Center

Formerly called the Indochina Resource Center, the SRC is a major non-governmental source of information on current developments in the countries of Southeast Asia, and on the U.S. involvement there. The Center follows and interprets events in Vietnam, Laos and Kampuchea, as well as in Thailand, Malaysia, Indonesia, and the Philippines. This research and analysis continues in the tradition of the Indochina Resource Center, which played a key role from 1971 to 1975 as one of the sources of accurate information for the anti-war movement's successful effort to cut U.S. aid to the Thieu regime.

Subscriptions

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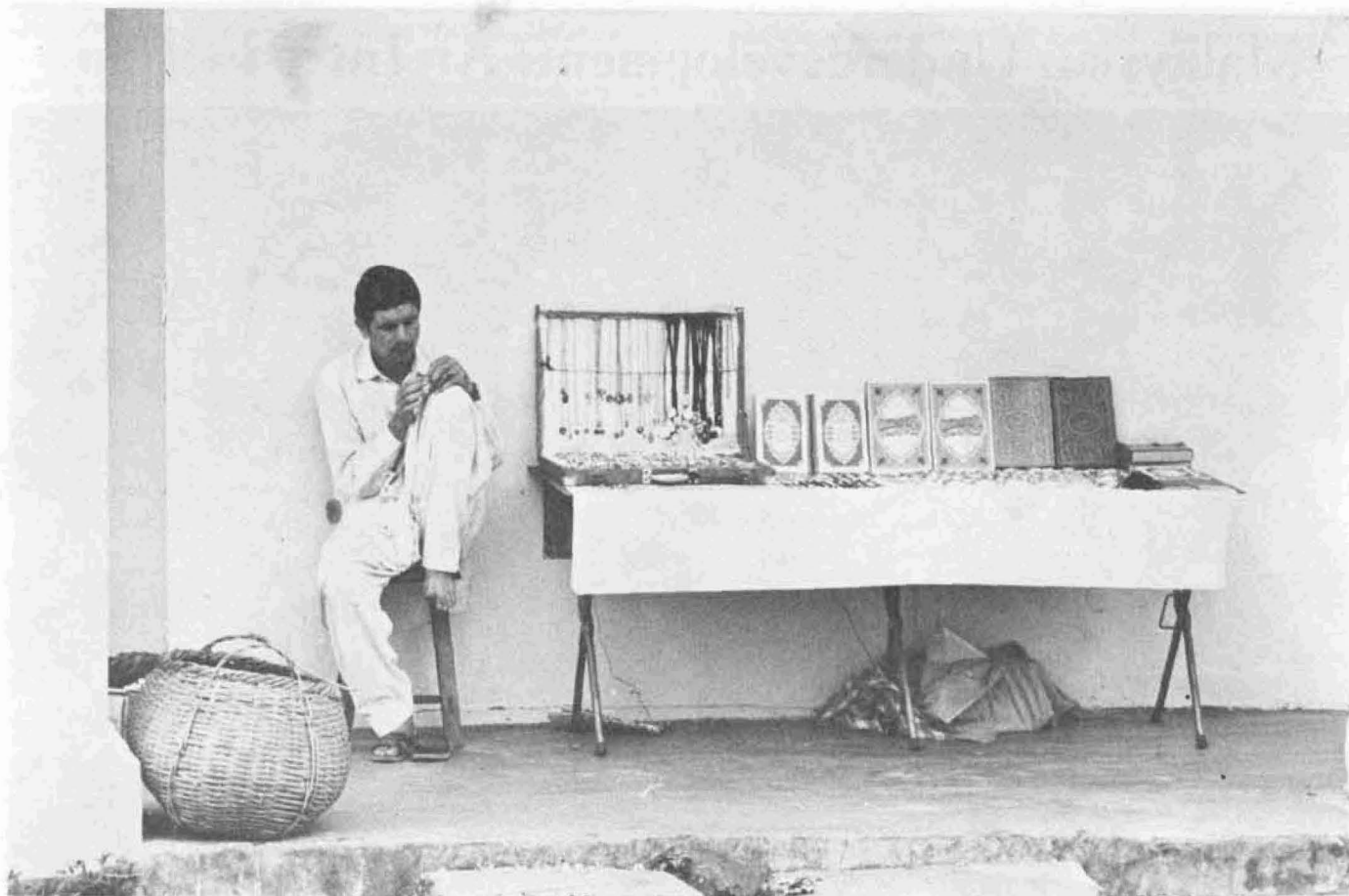
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Randy West

About This Issue

This is our first issue on Malaysia. It is designed to be an introduction to the political economy of West Malaysia. We have not tried to cover all the questions and issues which might be brought into such an introduction. Instead we have organized this *Chronicle* around three myths which form key elements in the international image of the country. Doing this, we felt, was an important first task.

One of these myths says that Malaysia has been unusually successful economically. In the first article, therefore, we try to show that while conventional Western economic indicators—such as growth in the gross national product—make Malaysia look good, there is a crucial second side. The Malaysian economy is heavily dependent upon, and subject to the control of, Western multinational corporations. The pattern of postwar Malaysian economic growth, moreover, has resulted in increasingly unequal distribution of income and the impoverishment of larger and larger numbers of workers and peasants.

Another enduring myth about Malaysia is that whatever problems it may have, at

least it is a working democracy. This remains the dominant image of Malaysian politics despite the clearcut drift towards authoritarian forms in the past decade. The second major article provides a rough outline of Malaysian political history and a detailed examination of repression in various aspects of Malaysian life.

The third key myth is that whatever tensions do exist in Malaysian society can be traced to roots in the country's ethnic composition. The classic example was the "intercommunal" riots in 1969. In that case as in others, however, the politically dominant Malay elite was deflecting the anger of lower classes within the Malay community, turning it away from themselves and against the Chinese. This point is elaborated in the third major article, in which we attempt to show how economic factors have influenced the development of race relations.

All three major articles are Center staff creations. We have relied on the work and advice of a number of Malaysia scholars. That we cannot acknowledge our debt to them without fear of reprisal, however, is one measure of the repressive character of

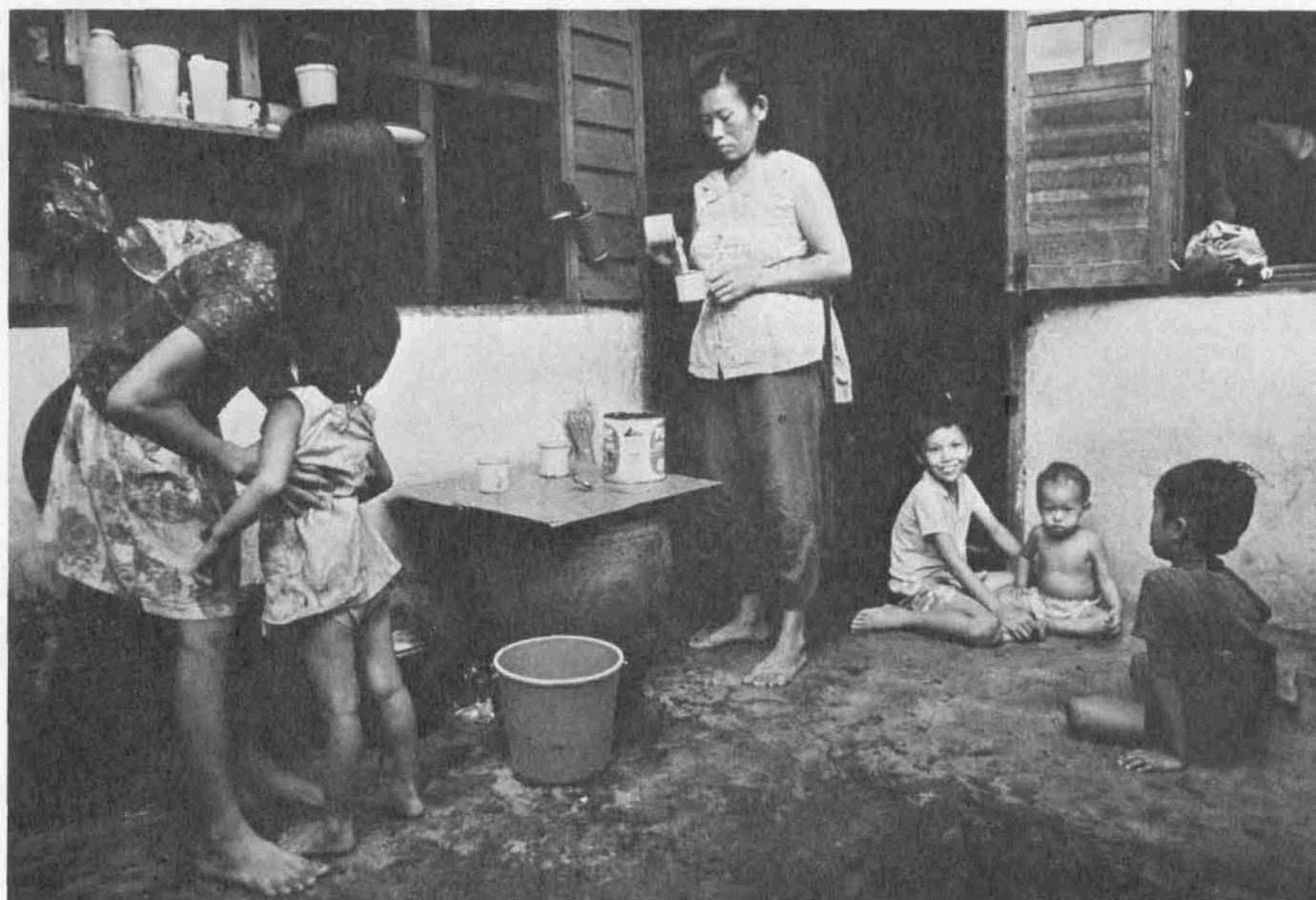
the Malaysian government.

This preliminary treatment leaves vast areas untouched. We have not even mentioned East Malaysia. The reason for this is not just the length of the magazine or the availability of material. Because East Malaysia was combined with what was then Malaya only in 1963—in a process resisted by significant segments of the East Malaysian population as well as Indonesia and the Philippines—we feel that East Malaysia deserves a *Chronicle* to itself.

Another missing element is Singapore, which was part of the original Malaysia federation but withdrew in 1965. West and East Malaysia, together with Singapore, share significant colonial and post-independence experiences. But there are enough differences to justify and even require separate treatment. Singapore, for example, is a city state facing problems more like those of Hong Kong than like those of Malaysia, East or West.

As always when we tackle a new area, we hope that this issue of the *Chronicle* will stimulate additional contributions. We welcome your correspondence. □

Malaysian Underdevelopment: An Introduction



United Nations/ILO

The growth of Malaysia's economy benefits foreign companies and the local elite . . . at the expense of the country's poor.

On January 23, 1980, angry rice farmers—10,000 of them—gathered in front of government buildings at Alor Setar, capital of Kedah state, 300 miles north of the Malaysian capital of Kuala Lumpur. They demanded higher prices for their rice. What they got was tear gas and police batons. A 24-hour curfew was imposed and 92 people arrested. A few days later, Kedah's chief minister, Datuk Syed Nahar Shahabuddin, announced that a high fence would be constructed around the *Wisma Negri*, the state government building.

The Alor Setar demonstration sent shock waves through Malaysia's ruling circles. The 10,000 demonstrators are the "beneficiaries" of a U.S. \$138 million rural development showpiece, the Muda scheme. Through new irrigation works and double cropping, the scheme was intended to bring the "green revolution" to the area. A demonstration in this showpiece could not have been spontaneous, government officials claimed. It had to be the work of "outside agitators." State Minister Syed Nahar even claimed that the demonstrators were intent on a *coup d'etat*, and that they planned to hold him and other officials hostage.

Less self-interested observers offered other explanations. Kedah farmers were watching the "leakage" of some \$46 million from their state each year, K. Das wrote in the *Far Eastern Economic Review* (Feb. 22, 1980). And with only a quarter of the country's rice land, they were producing about 46 percent of the crop. They have been rewarded with falling real incomes, according to Hugh Peyman (FEER, Feb. 22, 1980). "Malaysian rice growers feel they are subsidizing consumers, unable to pass on their higher costs through higher farm prices."

Malaysia—A Model of Democracy and Development?

The explosion of popular anger at Alor Setar was not the first of its kind. Yet Malaysia's image as a model of successful political and economic development seems impervious to the evidence of mounting unrest. Part of the reason is that Malaysia has "performed" quite well for a developing country by conventional Western standards. It has, to start with, a particularly favorable resource base. Malaysia's 12.5 million people live in a lush 127,581 square miles of territory compared, for example,

to the Philippines, with 47 million in 115,000 square miles.

It is the world's biggest producer and exporter of rubber and tin. And it is the world leader in exports of palm oil—the oil McDonald's uses to fry its french fries. Malaysia also enjoys one of the highest per capita incomes in Asia—after Japan and the city states of Hong Kong and Singapore. Its gross national product (GNP) grows an average of six to eight percent each year.

As the Alor Setar demonstrations have shown, however, the more "developed" Malaysia becomes, the more victims there are among the people. Because of the basic structures of the Malaysian economy and political system, "development" means greater dependence on multinational corporations and their supporting agencies, such as the World Bank and the International Monetary Fund (IMF). And "development" means heightened exploitation of the workers and peasants, the vast majority of the population.

The Economic Framework

Malaysia's economy, almost a quarter of a century after independence, is still dependent and neo-colonial. Production is still concentrated in a few goods for export. There is continued heavy dependence on imports for necessities, even rice. Dependence on export earnings and on imported necessities, in turn, has made for a highly unstable economy.

The industrial base is small, the agricultural sector large and export-oriented, and the service sector inflated. Foreign ownership and control are key aspects of the economy. Production, investment and consumption in the Malaysian economy are basically geared to the needs of the international market place. While it is undeniable that the economy has grown, the growth has been accompanied by heavy social costs. Uneven development; widening disparities between sectors, regions, social classes and ethnic communities; growing unemployment and persistent poverty are part of the price for this "success."

At the time of independence in 1957, the primary sector (agriculture and mining) accounted for 45 percent of the GNP, the tertiary sector (services) 44 percent and the secondary sector (manufacturing and construction) 11 percent. By 1976 the situation had improved somewhat, with manufacturing and construction rising to 19 percent of the GNP. The primary sector declined to 35 percent, and the tertiary sector grew by only two percent.

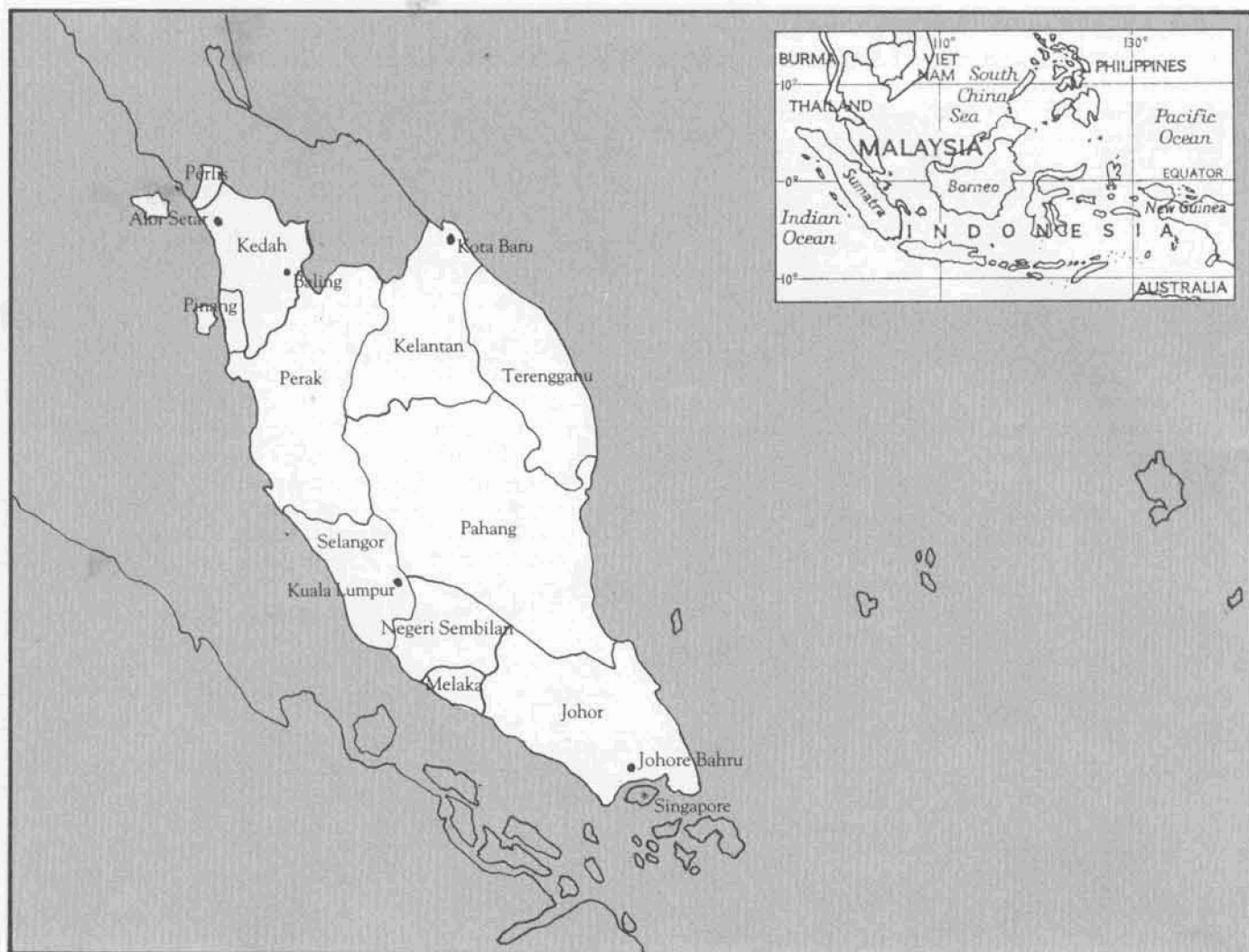
The large primary sector would be healthy if a substantial portion were devoted to the production of basic goods for the population. Unfortunately, exports form about half of Malaysia's GNP. Rubber and tin accounted for 85 percent of exports in 1955. By 1969 the situation had improved only slightly, with exports still accounting for 43 percent of the GNP—rubber and tin accounting for 71 percent of those export earnings. By 1979 petroleum exports and stagnating production of export crops had brought further shifts, but agriculture continued to account for 42 percent of total merchandise exports.

This heavy dependence on exports has contributed to rapid growth. But the instability it brings in its wake is illustrated by the case of rubber. Price fluctuations between 1968 and 1975 ranged as high as 48 percent in the course of a year. The impact on total national income was staggering; GNP shifts of up to 30 percent were a direct result of the shifting rubber market. Workers and peasants who depended on raising or processing export goods have been the direct victims. They have not remained silent. Demonstrations at Baling in 1974, for example, were the direct result of the disastrous drop of rubber prices from a high of 55 cents per kilo to 34 cents in that year.

The concentration on exports and neglect of people's needs is best illustrated by the fact that in 1972 only 13 percent of the country's cultivated acreage was planted to rice, the staple food. Rubber and oil palm used up as much as 73 percent of the cultivated land. As a result, imports of rice and other food items—including wheat, dairy products, meat, fruits and vegetables—accounted for over 20 percent of all imports between



Dependence on export earnings and on imported necessities makes the economy highly unstable.



1970 and 1974. During this period, the prices of these imported products increased by over 100 percent.

The dominance of the export sector is also reflected in the patterns of employment. Half of the labor force is engaged in agriculture, but only 20 percent is engaged in rice production and fishing. The primary sector has a limited capacity to absorb the fast-growing labor force. The Green Revolution—which requires larger fields, more fertilizer and pesticides, and increased mechanization—favors larger farmers. It contributes to pressures which are forcing people from the land at the rate of 10,000 per year. Another pressure comes from capital intensive palm oil plantations, carved from lands which often supported subsistence-level farmers. Unemployed peasants now crowd the slums of urban areas, where they hope to find work. In Kuala Lumpur, for example, more than 40 percent of the population now live in slums.

Foreign Ownership and Control

The structure of the West Malaysian economy was initially determined by the investment priorities of foreign—especially British—capitalists with the full support of the colonial administration. This structure has remained since independence—a result of the continued dominance of foreign interests backed by international financial institutions such as the IMF and the World Bank. The only significant changes are that American

and Japanese investors have become increasingly important and, second, that British colonial administrators have been replaced by Malay bureaucrat-capitalists.

As late as 1972, foreign interests accounted for 42 percent of share capital in the rubber and oil palm sector, 55 percent of the value of fixed assets in mining, 46 percent in manufacturing, and 40 percent of the turnover in foreign trade. Foreigners owned 62 percent of the share capital in limited companies (corporations) in 1971 and 55 percent in 1975. In a recent study of the 100 largest corporations in Malaysia, it was found that 60 of them were under foreign control. The top 85 corporations, constituting only 1.2 percent of all limited companies in 1972, accounted for 35 percent of all assets, 23 percent of all fixed assets, and 31 percent of all profits in the corporate sector.

Although the percentage of foreign ownership has declined a bit, foreign control of the economy has remained. New techniques of control include concentration of stock ownership, interlocking management, and superior access to financing, technology and foreign markets. These advantages, plus IMF and World Bank guidance of economic policy making, assure continued foreign dominance over the Malaysian economy.

Another approach is illustrated by Sime Darby, one of the largest conglomerates in Southeast Asia, which owns and manages rubber, oil palm and cocoa plantations. The company, previously incorporated in Britain, has decided to call Malaysia home. Several key executive positions have recently been filled

by well-connected Malay businessmen. "The benefits of being Malaysia's commercial flagship appear to be virtually endless," *Fortune* reported in its October 22, 1979, issue. "Acquiring additional land is all but impossible for most plantations, but Sime Darby has no difficulty, as one executive observes, 'now that it's not a foreign company.'"

The bulk of foreign investment in Malaysia is British. Now, however, British dominance is being challenged by massive American investments in petroleum exploration and production and in manufacturing electronic components. Japanese investors have developed a larger and larger stake in textiles and electrical appliances.

It is no secret why foreign investors like Malaysia. Profit rates of foreign-owned companies are often spectacular—far higher than the companies' profits at home. One study of British investments showed pre-tax profits of 28.7 percent. Another study, on two Japanese and two American electronics firms, showed astounding profit rates. The return on net worth (share capital plus reserves) for the two American firms was 84.6 percent and 85 percent, five times the averages for the world operations of these companies—only 15.6 percent and 17.7 percent, respectively. While the Japanese companies did not do as well, one of them showed a 24 percent rate of profit, compared to 12.6 percent profits recorded by the parent company in Japan.

Far from contributing to capital accumulation in Malaysia, foreign investments drain away funds which otherwise could be invested. Numerous studies reveal the trend. Between 1955 and 1961, the net outflow of profits amounted to \$844 million, or 60 percent of gross domestic capital formation in Malaysia. In the 1961-70 period, the outflow of profits was almost twice the inflow of capital—\$1.8 billion, compared to \$1 billion. Between 1970 and 1976 there was an outflow of \$2.7 billion, an increase of almost 300 percent compared to the rate during the preceding decade. In the 1976-80 period, government estimates of capital outflow have been revised from \$1.1 billion to as much as \$3.4 billion—more than three times as high. (FEER, April 13, 1979).

In order to pay for chronic balance of trade deficits and the steadily increasing outflow of foreign investor profits, the Malaysian government, like many other Third World countries, has resorted to heavy foreign borrowing. The foreign debt has grown from \$1 billion in 1964 to \$6 billion in 1976. Foreign loans have only exacerbated the problem. Debt-service payments (interest only) increased from \$69 million in 1967 to \$486 million in 1977.

Regional, Income and Ethnic Disparities

Foreign capital is not the only group which stands to gain from economic growth in Malaysia. A no less important beneficiary is West Malaysia's upper class. Income distribution figures show that the gap between Malaysia's rich and its poor has widened and, at the same time, the number of poor people has increased. Between 1957 and 1970 the national income more than doubled, but income inequality worsened. In 1957 the top 20 percent of all households took 49 percent of total household income. In 1970 they took 56 percent. The bottom 20 percent of households, on the other hand, only had 5.8 percent of total income in 1957. This meager share declined to 4 percent by 1970.

The real income of the poor has declined as well. One study has shown that the average monthly income of the lowest 20

Profit rates of foreign-owned companies are often higher in Malaysia than at home.



percent of households fell by one third between 1957 and 1970 when figured in constant 1957 dollars—from \$28 to \$18. For rural households the decline was as much as 40 percent—from \$25 to \$15.

Other statistics confirm that rural families rank especially low on the economic ladder. According to Ho Kwon Ping (FEER, April 13, 1979), "By 1978, [rice farmers and agricultural laborers] accounted for 30 percent of Malaysia's 776,000 poor households. Three quarters of rice farmers and landless laborers are still classified as poor, and though that is an improvement, the incidence of poverty in these two groups is by far the highest of all occupational groups. . . . Nearly half of the rubber smallholders, who account for a quarter of poor households, were still below subsistence levels last year [1978]."

Poverty in the Agricultural Sector—1975

	Total families (thousands)	Total poor families (thousands)	Poor families as % of total families
Rubber smallholders	396.3	233.8	59.0
Oil palm smallholders	9.9	0.9	9.1
Coconut smallholders	34.4	17.5	50.9
Rice planters	140.5	114.3	77.0
Other agriculture	157.4	124.1	78.8
Fishing	41.6	26.2	63.0
Plantation workers	127.0	59.7	47.0
Total	915.1	576.5	63.0

Source: Third Malaysia Plan. The definition of poverty used is "the income required for minimum subsistence."

Another inequality needs to be noted. While the Malay-dominated government has been preoccupied with income redistribution *among* Malaysia's racial groups, the process has widened income inequalities *within* each racial group, particularly in the Malay community. The government program to increase Malay ownership of business, for example, subsidizes upper class Malays. But government programs in the countryside have had little, and often negative, impact on the rural poor.

One of the immediate causes of the Alor Setar demonstration—the conversion of a government rice price subsidy from cash payments to forced bank deposits—provides a direct example. The forced savings scheme for Muda rice farmers was meant to raise some \$136 million for the program to increase Malay equity in business. For the Muda farmer, however, the scheme meant income taken from him to subsidize affluent Malay businesspeople.

Government policies have also exacerbated regional disparities. More than 90 percent of manufacturing output is concentrated in the developed west coast states of Penang, Perak, Selangor, Negri Sembilan and Johore. These states also account for more than 80 percent of mining output and, together with Kedah, almost 80 percent of agricultural output. After three

years of the Third Malaysia Plan (1976-80), "regional income disparities increased. . . . The three poorest states, Kedah, Perlis and Kelantan, were also the slowest growing in per capita income. Development efforts have tended to drift towards the states best equipped to absorb them, and this has aggravated regional disparities." (FEER, April 13, 1979)

The basic structures of the Malaysian economy have resulted in continued dependence on, and control by, foreign interests. And Malaysian "development" has led to increasing poverty and maldistribution of income. In other articles in this issue we show how Malaysian ruling groups have manipulated the racial issue and how the maintenance of the existing system has been made possible only by rising levels of repression. □



Real income of the poor dropped by a third or more between 1957 and 1970.



Randy West

THE POWER GAME IN MALAYSIA



Behind a facade of parliamentary democracy, Malaysia's elite uses systematic repression to hold on to its power.

Any person who is a political critique of the government or its program, or who agitates, organizes or leads workers, peasants or students in revolutionary class struggles through political analysis, is liable to be detained without warrant of arrest and without trial to prevent him from acting prejudicial to the security of the nation and the maintenance of essential services to the economic life.

—Internal Security Act, 1960

Since its independence from Britain in 1957, Malaysia has presented an image of parliamentary democracy to the world—an image which contrasts sharply with the outright repressive, regimes of neighboring Thailand, Indonesia and the Philippines. The veneer of democracy has worn increasingly thin, though. Showing through the veneer is the reality of

repression, essential to maintain the power and privilege of the ruling elite.

The Merdeka (Independence) Constitution institutionalized a fragile coalition among the elites of Malaysia's major ethnic groups. In working out this compromise the United Malays National Organization (UMNO), the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC) adopted a series of trade-offs which gave the Malays political dominance and promised them an increasing role in control of the economy. In return the non-Malays were guaranteed a liberal policy toward their communal heritage. Islam was adopted as the national religion, but freedom of worship was guaranteed. There was to be a 10-year grace period before Malay replaced English, Chinese and Tamil in schools and official business as the sole national language.

The constitution provided for three levels of elected representation—federal, state and local. At the state and federal levels, rural areas, where Malays are in the majority, have

Substantial portions of this paper are based on an unpublished essay by Ravee Raghavan, "Legislative/ Non-Legislative Restraints and the Future of Parliamentary Democracy in West Malaysia."

The constitution allows the government to suspend parliamentary rule and use any means at its disposal to halt political opposition.

disproportionately high representation. Initially, however, non-Malays retained power in the urban areas at the local government level.

This accommodation among the parties in the Alliance was inherently unstable. On the one hand it restricted the mass of Chinese to marginal political influence. On the other hand it entrenched the existing division of economic power—largely held by Chinese—and political power—the province of the Malay elite. Malays were tempted with hopes of economic improvement because the compromise promised greater educational opportunity and special assistance in commerce. These hopes were undercut, however, by the accommodation's explicit protection of already-entrenched non-Malay business interests and its implicit exclusion of radical reforms such as nationalization.

Colonial Roots

The compromises formalized in the *Merdeka* Constitution were an outgrowth of social relations established during the British colonial period, which began in the late 19th century. British "residents" ruled through theoretically sovereign Malay sultans. The traditional structure of Malay society, with its dependence on subsistence agriculture, was maintained. Chinese and Indian labor was imported for road and rail construction and tin and rubber production. Though some Malays entered the colonial administration and many ventured into small-scale rubber planting, most stayed in farming and fishing. Europeans, Chinese and Indians dominated the modern economy.

The political response of the Malay elite to the growing challenge from Chinese and Indians was to break through historic divisions between the nine sultanates on the Malay Peninsula. In the 1930s an increasingly united Malay elite looked to the British for protection from unrestricted Chinese and Indian competition. There was relatively little class polarization within Malay society. Though the peasants were often in debt, it was Chinese and Indian money lenders rather than Malay landlords who drew their ire. Thus there was a tendency throughout the Malay community to view the threat to their survival in terms of race rather than class.

Chinese society in Malaysia, on the other hand, was always deeply divided. In the 19th century the divisions were rooted in secret society rivalries and linguistic differences. In the 20th century the divisions were increasingly along class lines, an outgrowth of the colonial capitalist economy. Behind the myth of Chinese wealth lay a reality of poorly paid Chinese workers, petty hawkers, small shopkeepers and small-scale farmers.



Randy West

Signs like these declare whole sections of the country off limits during anti-guerilla operations.

There were even greater divisions within the Indian community. In the towns was an English educated elite, divided by both physical and social barriers from the mass of Indian laborers in government departments and on plantations.

When the nationalist movement surfaced in the 1930s, English-educated and wealthier Chinese tended to be pro-British. The Chinese-educated and the poorer classes tended to be strongly anti-colonial. Much of this anti-colonial sentiment was expressed through the Malayan Communist Party (MCP). During the Japanese occupation of the country, from 1942 to 1945, the MCP greatly extended its base of support among poorer, non-collaborating groups of Chinese by setting up the Malayan Peoples Anti-Japanese Army and the Malayan Peoples Anti-Japanese Union. In the immediate post-occupation years the MCP sustained much of this support among working class Chinese by means of a militant trade unionism, which it hoped to use as the basis of a campaign for political independence. Indian workers also joined with the MCP and its affiliates in the 1945-47 period.

Among Malays, the Japanese occupation strengthened existing power relationships. Malay radicals of the *Kesatuan Melayu Muda* (Young Malays Association) were discredited. They assisted the Japanese advance and were initially granted much administrative authority. But they failed to retain Japanese

Profile of a Detainee: Syed Husin Ali

The case of a prominent scholar illustrates the government's powers of arbitrary arrest and imprisonment.

The Malaysian Internal Security Act and related ordinances have, in effect, abolished the right of *habeas corpus*—the citizen's protection against arbitrary government restraint. A person may be detained without trial for a virtually indefinite period by means of a succession of two-year confinement orders. The government need only provide the most perfunctory reasons for its action. These are reviewed, and routinely approved, by an advisory board of government appointees. Even if that board recommends clemency, its decision may be overruled by the Police Special Branch, Amnesty International reports.

Most of the victims of this repression are relatively obscure individuals. One better-known case is unusual only because this detainee—Dr. Syed Husin Ali, a professor of anthropology and sociology at the University of Malaya—is an internationally known scholar and the focus of a variety of campaigns directed at the Malaysian authorities.

Syed Husin Ali was detained early in 1975. He had just addressed a student meeting at the University of Malaya in support of the peasants of Baling district who—caught between a rising cost of living and suddenly falling prices for their rubber—had dramatically protested their hardship, even starvation. For Syed Husin to address such a meeting was not unusual. For nearly twenty years he had been active on that campus, and also on a national stage, in promoting Malayan literary, cultural, social and educational independence. He had been prominent, for example, in questioning many of the prejudiced assumptions of western scholarship concerning the Malays.

More fundamentally, he had pioneered the critical study of modern Malaysian society, in time winning a substantial following among inquiring students of all ethnic backgrounds. His searching analysis pointed to the roots of interethnic antagonisms in the underlying socioeconomic structure of Malaysian society and in the government-directed developmental policies designed to preserve it. He pointed out that multinational firms concerned

by Gideon Judge



simply with extracting profits paid less tax on their land—rented for factories and estates—than struggling peasants engaged in subsistence agriculture.

He played a leading role in the late 1960s mobilizing student and academic support for peasant squatters facing forcible eviction from otherwise unoccupied government land. He argued that the seemingly feudal facets of modern Malaysian society were not simply traditional survivals. They were, he argued, a bulwark that was supported by private overseas interests and their local allies, and which in turn protected them. He developed these and other ideas in his academic writings, such as *Malay Peasant Society and Leadership*, published in English in 1975, and *Poverty and Landlessness in Kelantan*, published in Malay in 1978. They also came through in his work as a leader and publicist of the *Partai Sosialis Rakyat Malaya*, the Malayan People's Socialist Party, a legal but much harassed political party. (Another of the party's leaders is Kassim Ahmad, an internationally known Malay literary scholar and also a long-term political detainee.)

It was for expressing views such as these at the student rally, as part of an analysis of

the origins of the peasant impoverishment that the Baling people were protesting, that Syed Husin was charged with inciting disaffection prejudicial to Malaysia's national security and placed in detention. Since 1975 action on his behalf has been mounted from various quarters: Southeast Asianist scholars in Britain, Holland, Australia, New Zealand, and the United States; the International Sociological Association; the British Sociological Association; academic staff associations at Malaysian universities; CARPA (the Committee Against Repression in the Pacific and Asia) in Australia; and Amnesty International, which has taken up his case as a prisoner of conscience. In addition, the Sociological Association of Australia and New Zealand has declared a boycott of all sociological positions in Malaysia in protest of Syed Husin's detention, and the Australian Anthropological Society has unanimously passed a resolution calling for his release. His case has also been cited by the Malaysian Bar Council in a memorandum submitted to the Malaysian government concerning abuses of the preventive detention laws.

But Syed Husin has consistently refused to make the concessions and accept the limitations that the Malaysian government has made a precondition of his release. Thus early in 1979 his detention order was summarily renewed for a third two-year period, despite international appeals asking the Malaysian government not to require the breaking of a man's spirit as the price of his release from an otherwise prospectively endless confinement. The appeals asked that Syed Husin be allowed to return instead to his family, his students, his teaching and writing.

Arguing that its policies would exacerbate rather than alleviate the tensions that are endemic in Malaysian society, Syed Husin concluded *Malay Peasant Society and Leadership* with the prediction that the Malaysian government would be driven to adopt increasingly repressive measures against its critics. History may be the test of social theory and analysis, but Syed Husin's has been a painful—and also speedy—vindication! □

Behind the myth of Chinese wealth lay a reality of poorly-paid hawkers, small shop-keepers and small-scale farmers.

confidence, and also failed to protect Malay interests. The traditional Malay elite emerged as the protectors of their community and were able to retain the confidence of most Malays.

After the end of World War II, the British proposed a Malayan Union, to include Singapore, which would have granted equal citizenship rights to all ethnic groups. The scheme was vigorously opposed by the newly formed UMNO. They said it might allow Chinese to achieve political as well as economic dominance in the society. The British, concerned at challenges from the militant Chinese-led left, worried about racial violence, fearful of the consequences of an aroused Malay nationalism and wanting to reestablish the safely conservative Malay foundations of British rule, decided to come to terms with UMNO. During the course of 1946 they dropped the Malayan Union plan, and in February 1948 set up the Federation of Malaya, which excluded Singapore.

Increasingly restricted within the reimposed colonial framework, the MCP decided in April-May 1948 to organize a militant confrontation with the British. The British used the communist threat to persuade Malay leaders to accept Chinese and Indian participation in the political system. The result was the UMNO-MCA-MIC Alliance, which held power at the time of independence in 1957.

It was not until six years later, in 1963, that the Federation of Malaysia was formed, adding Singapore plus the states of Sarawak and Sabah on North Borneo to Malaya. In 1965 Singapore abandoned the federation.

A Legal Basis for Repression

The 1957 constitution was more than a balancing act for the elites of the Malay, Chinese and Indian communities. It contained provisions for maintaining the fragile Alliance by force if necessary—provisions based on colonial legislation of the 1930s, originally created to suppress class-based opposition to the colonial regime. (And it should be kept in mind that the constitution was adopted during the 12-year Emergency declared to deal with the MCP between 1948 and 1960.)

Articles 149 and 150 of the constitution provide the government with special emergency powers to deal with crisis situations. These provisions allow the government to declare a state of emergency, suspend parliamentary rule and use any means at its disposal to halt political opposition. These emergency powers have been invoked in response to the threat of external invasion, internal subversion by communists, and any other forms of non-Malay political threat which would endanger the dominance of the Malay elite.

The Internal Security Act, enacted in 1960 under Article 149, provides for the preventive detention of individuals and groups without due process of law for an indefinite length of time, and thereby overrides provisions of fundamental liberties. The powers of preventive detention were used very effectively to deal with both Malay (Party Rakyat) and non-Malay (Labor Party) leftist political parties between 1960 and 1969. (The act is still very much alive. Amnesty International reported in



November 1978 that it was being used to detain over 1,000 people.)

But the challenges to the dominant Alliance coalition in the 1960s were symptoms of fundamental discontent which could not be repressed so easily. The Malay masses felt that the special Malay privileges set out in the constitution had done little to alleviate rural Malay poverty. Nor had the Malay language replaced English as the sole medium of instruction and official business. Frustration was especially acute among young Malays, often educated in other Islamic countries rather than in England or at the University of Malaya. They espoused a form of Islamic populism, which argued that the "salvation of the Malays is in practicing a purer version of Islam."

Apart from the elite groups which formed the MCA and the MIC, non-Malays had never accepted the Alliance bargain. They voted against the Alliance at their first opportunity, in 1959. Over the following decade their discontent increased. They felt that the special rights accorded the Malays limited their own opportunities, and blamed the MCA and MIC leadership for giving up too much in the constitutional compromise.

The discontent came to a head in the general elections of May 1969. Significant numbers of voters deserted the Alliance group of parties and voted instead for opposition parties based in their ethnic communities. The non-Malay opposition parties were ecstatic at their gains. But this, in turn, prompted fears among Malays that the non-Malays were rejecting the 1957 "contract"—which acknowledged permanent Malay political power—and that they were working to build a base of independent political power.

The country witnessed its worst-ever political riots. Hundreds were killed on both sides. The elections and parliamentary rule were suspended and the country was placed under emergency rule. Tunku Abdul Rahman was forced out of the leadership of the UMNO. His coterie of traditional, aristocratic Malay elite were eventually replaced—in 1975—by a group of "young turks" led by Tun Abdul Razak and, after his death, by the present prime minister, Hussein Onn. This younger group, from the Malay middle classes, was just being brought into the ranks of the elite. They were among the most dissatisfied because they did not have the economic power and privilege which they had been trained to expect.

The main features of the strategy developed by UMNO to regain control were:

- 1) Declaration of a state of emergency and formation of a National Operations Council—dominated by the Malay elite—to restore order. The NOC took over local administrations from elected officials and participated in administrations at all levels. The role of the overwhelmingly Malay army was a token of Malay determination to assert decisive political control.

- 2) Preparation of a Second Malaysia Plan to "restructure" Malaysian society. Among the goals: a rapid expansion of the economy, with the major share of the larger economic pie to go to the Malay elite. This was intended to give them economic power in line with the political power they already held.

- 3) Formation of a multi-racial National Consultative Council and formulation of a national ideology. The rhetorical facade called for national unity, democracy, social justice, cultural liberality and progress. The practical content was preservation of the dominant position of the Malay elite—dominating both the elites of other ethnic groups and the lower classes.

- 4) Return to parliamentary rule in 1971 with a broader coalition, including the parties of the old Alliance and some former opposition parties. The new coalition was gradually extended into a National Front (*Barisan Nasional*). In December 1972 it embraced even the main Malay opposition party, PAS (Pan Malayan Islamic Party).

- 5) Immediate amendment of the constitution to ban public discussion of such "sensitive issues" as the privileges of the Malay elite. Opposition leaders had to accept this provision as a condition for return to parliamentary rule.

These measures set the stage for carefully guided parliamentary elections, held in August 1974. The elections were so arranged that although the National Front won only 59 percent of the popular vote, they swept 92 percent of the federal parliamentary seats.

These government programs did not, however, bring substantial economic benefits to most Malays, nor did they succeed in restructuring Malaysian society. Non-Malays still felt that they were second class citizens, exposed to increasing economic dislocations. And poor Malays from the rural areas increasingly made it known that the special Malay privileges had worked to the benefit of only a small, elite class of Malays. Both Malay and

non-Malay university graduates experienced difficulty finding employment that matched their training. No longer automatically absorbed into the administrative elite, they have tended to identify with the discontent in the rural areas from which they come. This led to student-peasant demonstrations in September 1974, opposing the evictions of squatters in Tasek Utara, and again in November 1974, when students went to Baling to support small-holder rubber cultivators caught in the squeeze of falling rubber prices and rising living costs. The Baling demonstrations, which drew more than 12,000 marchers, were the largest the country had seen since 1966.

Increasing numbers of poor rural Malays have developed sympathies for forms of political populism, and in some cases for the Malay wing of the MCP. It has become increasingly difficult for the Malay leadership to stereotype the communist threat as essentially non-Malay and rally the Malays under a united racial banner.

During the 1970s the government clamped tight controls on political opposition, labor organizing, academic freedom and the media. A key piece of legislation is the Seditious Ordinance, originally enacted in 1948 by the colonial government. In 1971 it was expanded by the Seditious Act to block critical discussion of such "sensitive" issues as special Malay rights and Islam, and also of the rights of the non-Malay communities. The act was extended to cover members of parliament and of the state legislatures. They had previously enjoyed special immunity from legal injunctions for statements made during legislative sessions. The act has been used against several members of the opposition, most notably Lim Kit Siang and Fan Yew Teng of the Democratic Action Party.

The new Seditious Act moves radically away from the British legal tradition, for the prosecution is no longer required to prove "intent" in sedition cases. The prosecution is merely expected to prove a seditious "tendency." The law against sedition thus places severe restraints on all forms of opposition to the government, and is a harsh blow to legitimate democratic opposition. Political opposition is forced to seek other, non-parliamentary forms of expression.

Labor Repression

The repressive labor laws of the current Malaysian government also have their roots in the colonial period. To counter the radical, anti-colonial trade union movement which grew up in the 1945-48 period, the British adopted a three-pronged strategy. First, existing strong unions—like the Pan Malayan Federation of Trade Unions, which had over 250,000 members and amounted to over 50 percent of the total work force—were deregistered. From that time only trade unions within an industry—"peanut unions"—were allowed, and no amalgamation of trade unions was permitted. In 1948 alone the membership of trade unions was slashed by two thirds. Second, the government actively encouraged the growth of "yellow unions"—unions acceptable to the employers—with the aid of the International Confederation of Free Trade Unions. Third, the position of employers was strengthened by the Employment Ordinance of 1955, which allowed management to dismiss a worker for misconduct and other "justifiable" grounds. That act, which is still in operation, was supplemented the following year by another act which regulates the hours of work for children but permits child labor to continue.

There were amendments to the labor code in 1959, 1965,

Unions as Window Dressing



The Malaysian government will soon impose further restrictions on the country's 500,000 trade unionists—restrictions which union leaders say will reduce their organizations to “window dressing.” The government insists that it does not intend to eliminate organized labor, according to a report in the February 15 *Asian Wall Street Journal*. But officials admit they want to assure a stable labor situation for foreign companies.

Union leaders have attacked proposals which would allow the government's Registrar of Trade Unions to interfere with union constitutions and require a two-thirds vote, rather than a simple majority, to authorize a strike. Malaysian Trades Union Congress Secretary-General V. David says the changes would give the registrar “absolute power” to quell industrial disputes and forbid court challenges.

The proposed changes are a response to a job action last winter by employees of the Malaysian Airline System. The government jailed 23 unionists without trial under the Internal Security Act. The International Transport Workers Federation protested the arrests, threatening to refuse to service MAS

Strikes may not be called to force management to recognize a union.

aircraft. One of the airline's planes was stranded in Sidney for nine days because union members refused to refuel it, and many international flights were canceled.

As a result, the proposed changes in the labor law include a requirement that unions receive official approval for affiliations and contacts with foreign labor organizations.

Tighter restrictions will also make it more difficult for unions to recruit among the three-fourths of the work force which is not yet organized. This includes the foreign-controlled manufacturers of electronics components. “Multinational corporations are exploiting the situation” by asking for the changes, David says, but warns that “we aren't going to allow foreigners to exploit workers here.” □

1967 and 1971—each time in response to labor or political unrest in the country—and with each amendment it became more repressive. Present laws include such restrictions as:

—Trade union officials must have at least three years work experience in the industry they wish to represent.

—Trade unions cannot have political funds, nor may their officials be officers of a political party.

—Strikes may not be called to force management to recognize a union.

—“Management functions” pertaining to promotions, transfers, layoffs and similar matters are not subject to collective bargaining.

—A federation of trade unions can be formed only if it consists of unions whose membership is confined to a particular trade or industry.

In one classic example of the application of these laws, the registrar of trade unions refused to allow the 30,000-plus workers in the electronics industry to join the Electrical Industry Workers Union on the grounds that their industry does not fall within the definition of “electrical industry.” And in February 1978, the registrar of trade unions threatened to deregister the Malaysian Trades Union Congress.

The government is open in its courtship of foreign investors, and a major selling point is a docile work force. When Deputy Prime Minister Datuk Seri Dr. Mahathir Mohamad visited a new British firm in November 1978, he called on workers to be “more responsible.” According to the *New Straits Times*, “The deputy prime minister appealed to Malaysian workers to uphold their dignity and not to cause problems that would scare away foreign investors. They should instead be more productive so that government efforts to attract foreign investors would be successful.”

The Internal Security Act is invoked to suppress union organizing as well. In its 1978 report, Amnesty International chronicled the “typical case” of Chan Beng San, a native of Malaysia who was active in unions in Singapore in the early 1960s. In 1963 he was elected to the central executive committee of the National Union of Building Construction Workers of Singapore. When the union was deregistered, he became an official of the Singapore Commercial Houses and Factory Workers Union. In 1965 this union, too, was deregistered. Chan returned to Malaysia to work in a shoe factory in Johore Bahru. In 1968, after an incident in which a foreman struck several women workers, there was a strike at the factory. The following year Malaysian authorities detained Chan under the Internal Security Act, citing his long activity in the trade union movement. He was finally released in 1978 after serving nine years in prison without a trial.

Limits on Academic Freedom

Militant student demonstrations against Tunku Abdul Rahman's leadership of the UMNO in 1969 sparked passage of a comprehensive law called the University Act. The act imposed a severe system of internal and external controls to block student political activities. Participation in off-campus political activities was outlawed. When students defied the ban in November 1974, the act was expanded to incorporate all institutions of higher learning in the country under more stringent regulations. The University and University Colleges Act of 1971 (1975 Amendment) placed a total ban on student participation in all political activities—on campus or off. Students were not allowed to join political parties or trade unions or to

engage in any form of anti-government political activity.

The new regulations of 1975 also extended to members of the teaching staffs, requiring them to refrain from overt political opposition to the government. Further regulations, added in February 1979, prohibited university teachers from joining political parties and required that they submit manuscripts for approval by the Ministry of Education before publishing them. These controls apply to foreign scholars as well. They must obtain a formal research permit from the prime minister's office before conducting research in the country.

These formal constraints imposed by the law are supplemented by certain less-publicized practices within the universities which abridge academic freedom and autonomy. To take one example: leftist and communist publications are kept locked in a separate section of the main library, and researchers must obtain a formal permit from the university authorities in order to read them. These strictures imposed on the “emerging elite” obviously limit their democratic experiences during their student years. Thus they can hardly be expected to become upholders of parliamentary democracy and to make democratic decisions when they become leaders of the country.

Shrinking Electoral Democracy

Between 1960 and 1973 the system of elective local government—the lowest of the three levels established in the constitution—was gradually suspended. As a result of the Local Government Act of 1973, a system of appointments replaced elections at that level. The abolition of local elections wiped out an important base of non-Malay political power—the local governments in urban areas. This is one of the more obvious ways in which the electoral system is regulated to serve the interests of the dominant *Barisan Nasional* coalition.

Hardly more subtle were the regime's threats to reimpose emergency rule if opposition parties gained too much strength in the 1974 elections. Then-Prime Minister Tun Abdul Razak warned non-Malay voters that if they did not vote for the *Barisan Nasional*, they faced the possibility of a purely Malay government and the loss of all democratic rights.



Media Control

Malaysia has kept a tight rein on the press, radio, television and films through a variety of measures including legislation, ownership regulations, direct supply of information and suggested guidelines for media content. Information from outside

the country is also closely controlled. *Playboy* is blocked on moral grounds. Certain issues of the *Far Eastern Economic Review* and documents such as the 1978 Amnesty International report on Malaysia are banned for political reasons.

The major newspapers in all languages are owned by groups sympathetic to the government, and in many cases the owners are members of the *Barisan Nasional*. This is the case, for example, with the New Straits Times Group of publications, which is owned largely by PERNAS, the public corporation established to promote Malay participation in business. Radio broadcasting is a government monopoly entrusted to Radio Malaysia, though there is an insignificant commercial service known as Redifusion Malaysia which operates under license. The monopoly is broken only by the clandestine shortwave station of the MCP—*Suara Revolusi*—which broadcasts from a base in South China. Television is also a government monopoly. Propagandistic documentary films are produced by the government's film unit, *Film Negara*. Although the motion picture industry is privately owned and operated, it is subject to government censorship regulations, which are largely guided by political and Islamic moral considerations.

Beginning in the early 1970s negative news items were banned from morning newspapers in order to ensure a proper frame of

powers are used, and indeed its whole future," the *Far Eastern Economic Review* reported April 1, 1977. "For the moment it has powers to arrest and detain anyone—cabinet minister or pauper—without challenge. Even the minister of home affairs cannot intercede, under the Internal Security Act, for 60 days."

New Restrictions, New Resistance

The colonial administration did not welcome or encourage the expressions of nationalism which followed the end of World War II. Rather than providing an environment conducive to the development of democracy, the colonialists laid the foundation for a post-colonial regime composed of the feudal Malay elite in cooperation with the English-educated elites of the Chinese and Indian communities. The dominant Malay elite had little understanding of or appreciation for democratic institutions, and as a result they have accepted parliamentary practices only so long as their rule was not threatened.

But despite the addition of layer upon layer of repressive laws and regulations, protest and rebellion have not been stamped out. In 1979 a denunciation of the Internal Security Act came from an unexpected quarter—the Malaysian Bar Council. In a memorandum to the Minister of Home Affairs the group also

The Police Special Branch has powers to arrest and detain anyone — cabinet minister or pauper — without challenge.

mind in the public on the way to work. The national news agency, BERNAMA, is directed jointly by representatives of the government and private media. And the Ministry of Information has provided more than 350 news releases per month. Use of material from these sources was the easiest way to avoid stepping beyond the government's limits in discussing sensitive issues.

The Enforcers

The caretakers for the broad-ranging machinery of repression are Malaysia's own "spooks" in the Police Special Branch. The key role of the Special Branch began in the 1930s, as part of attempts by the colonial government to deal with communist activities among the Chinese community, the Malay left and leftist-inspired labor unrest. The Special Branch gathered intelligence on groups opposed to the government, and was also engaged in detention and surveillance of these groups.

During the 1948-60 emergency, the Special Branch fed intelligence reports to both police and military units. The branch kept a close watch on the Chinese New Villages, the Labor Party, the Party Rakyat, trade unions, university students and various groups which were influenced by the MCP.

Today one unit of the Special Branch keeps track of trade union activities, charting movements of unionists from one union to another, searching for ideological implications of their speeches. Another unit monitors political speeches, checking for deviations from the acceptable norms. And every new organization formed in the country is studied for possible MCP infiltration.

"Like all intelligence setups, mystery surrounds the organization of the Special Branch—the constituent units, the political extent to which its secrets are available, the extent to which its



scored government treatment of political detainees. In January 1980, economic pressures on farmers in Malaysia's ricebowl provoked the day-long demonstration by some 10,000 people in the town of Alor Setar. This demonstration, like the Malaysian Airline System dispute last winter, was met with arrests under the Internal Security Act. In response to the airline dispute, the government has proposed still tighter curbs on union activity. But legislative patches on this leaky bucket cannot contain the pressure for change forever. □



A-4 Skyhawk fighter-bombers like this one will be taken from the U.S. Navy "boneyard" near Tucson for sale to Malaysia. Refurbishing the planes will provide extra business for aerospace contractors.

U.S. Arms Feed Military Growth

The military budget soars as Malaysia prepares for more counterinsurgency warfare.

If Congress gives its nod, the United States will close a \$23 million deal with Malaysia for 88 second-hand A-4 bombers. This single infusion of planes will more than triple the number of combat aircraft in the Malaysian arsenal. It will also be a dramatic step in Malaysia's move from Britain to the United States as its major supplier of military hardware. The deal, already approved by the Carter administration, includes refurbishing the planes and training Malaysian ground support personnel.

The A-4 deal is only one part of an all-round escalation of the Malaysian military budget, which has jumped from \$185 million in 1979 to \$682 million in 1980. There has also been a significant increase in the budget for the police and other security forces, from \$150 million to \$184 million.

The public excuse for the increased military strength is the "threat" presented by Vietnamese armed forces. But the pattern of the buildup makes it clear that the primary mission will be counterinsurgency actions. The A-4s are designed for attacking ground forces with a variety of bombs and rockets, and were used by the United States against guerrilla forces in Vietnam. The expansion program also includes adding an infantry brigade and increasing the police force from 56,000 to 80,000 by 1981. The new ground forces will be concentrated in the east coast states where communist military activities continue.

One particular focus for counterinsurgency actions will be the east-west strategic highway connecting Perak and Kota Baru with the Temenggor hydroelectric dam. Both the dam and the highway are intended to open the underpopulated east coast to agricultural development and other forms of economic penetration. They are also seen as part of a plan to deal a death blow to communist activity in the area. The insurgent forces, led by the Malayan Communist Party, have survived repeated efforts by Malaysian forces, sometimes working together with the Thai military, to destroy them.

Another curious development is the plan for a \$645 million air base on the east coast. The base will be able to house 14,000 personnel, even though the present strength of the Malaysian Air Force is only 6,000. In this case, too, Malaysian press accounts have focused on the Vietnamese "threat," noting that flying time from the new base to Ho Chi Minh City will be exactly one hour.

Two other explanations seem more plausible. First, the base is ideally located for operations against insurgents along the east coast of the Malay peninsula. And second, the base would provide a convenient stopping-off point for American planes en route from Clark Air Force Base in the Philippines to the Indian Ocean base of Diego Garcia. Though U.S. officials have denied the base is part of any plan to station American forces in Malaysia, it is no secret that American military planners regret being invited out of Thailand in 1975. If the United States should want to move forces quickly from the Pacific to the oil-producing Persian Gulf region, a refueling stop in Malaysia would greatly simplify the operation. □

RACE AND CLASS IN MALAYSIA

The Malay elite manipulates tensions among the country's ethnic groups to enhance its own power. But Malaysians of all races are coming to recognize that these tensions have economic roots.



To secure your independence, work with Javanese and Tamils and, if you have sufficient experience, also with Malays and Chinese; you can then always play the one against the other . . . In case of a strike, you will never be left without labour, and the coolies of one nationality will think twice before they make their terms, if they know that you are in a position that you can do without them.

—Selangor Journal,
an English plantation owners' publication

For Malaysians and foreign observers alike, "the race problem" conveniently and comprehensively explains all Malaysia's ills. Malaysia "is a lucky country," the *Wall Street Journal's* Barry Newman says. "It has a small population, rich crop land, abundant natural resources, an efficient civil service and capable planners. Through 20 years of independence, only one thing has held Malaysia back: the race problem."

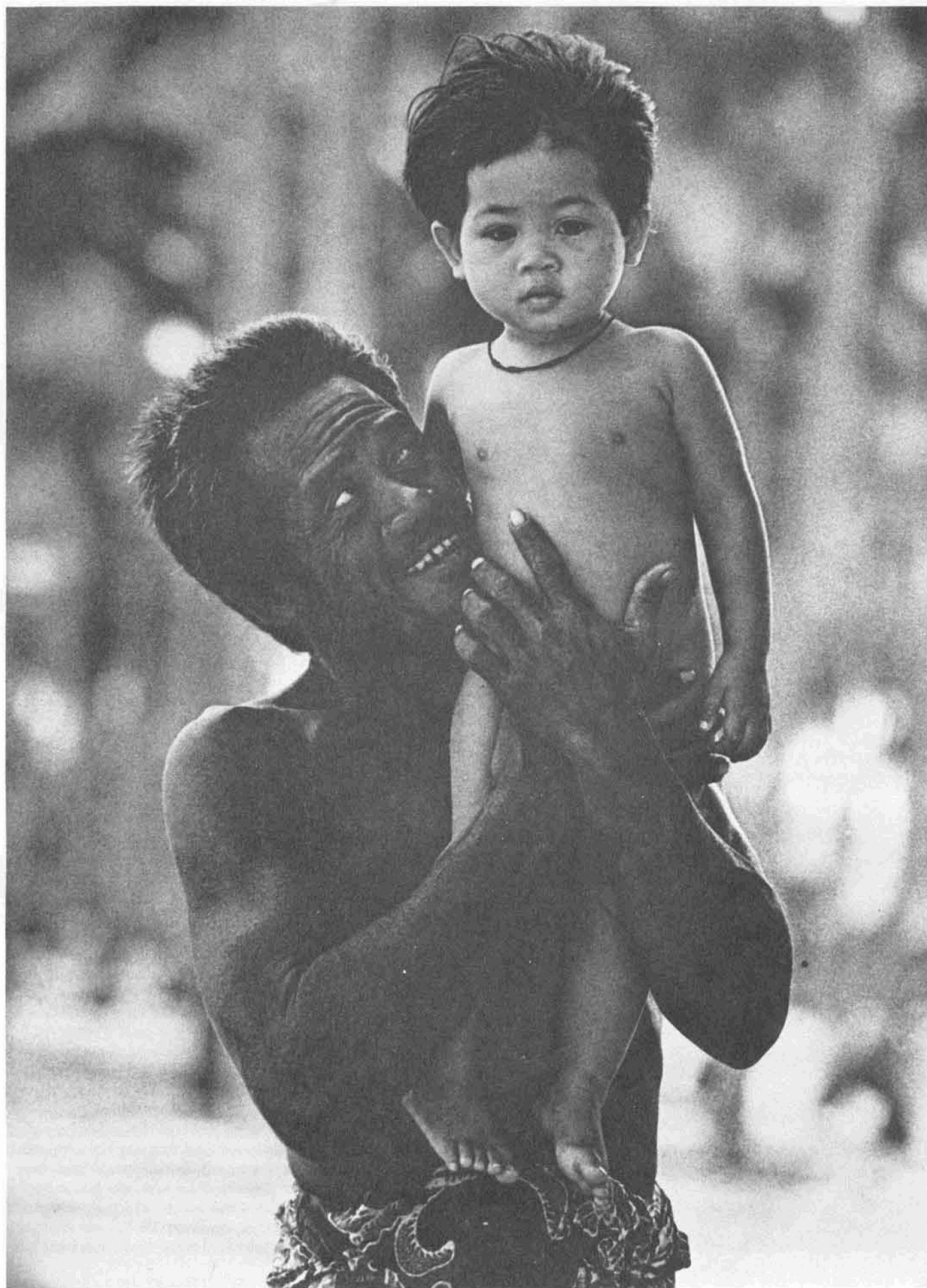
Race relations are indeed a critical element of Malaysian reality. In West Malaysia, Malays, most of them peasants, constitute only 45 to 50 percent of the population. Malays dominate the government and the military, but they own only a small proportion of share capital. On the other hand, the Chinese, who constitute some 35 percent of the population, play only a minor role in the government and military. Yet their much larger share capital holdings give them more economic power than the Malays. Indians, the smallest of the three major racial groups, enjoy neither political nor economic power.

Despite the overwhelming visibility of such facts, observers who try to explain everything in terms of race relations explain nothing. Exclusive emphasis on race ignores other equally important facts: Foreign capitalists own more than half of West Malaysian share capital, effectively dominating the modern economy, for example. And within—and between—racial groupings, there are class relations which often explain "racial problems." It is the elites of each group, particularly Malay bureaucrats and politicians, who have manipulated the racial question to enhance and protect their own positions. Even the existence of the three major ethnic groups cannot be understood outside the context of British colonial economic policies.

The Colonial Impact

Before the European colonialists began arriving in the 16th century, Malaysians and other Southeast Asians dealt extensively with Chinese, Indian and Arab traders in a commerce whose character did not lead to conflict along racial lines. In the sparsely populated Malay peninsula—and in Sumatra, Java, Celebes, Borneo and Sulu—trade centered in coastal towns. Because of its geographical position, Malacca became a major commercial port by the 15th century, attracting traders from the Middle East, China, and India. They came mainly in search of exotic spices and minerals, such as gum, resins, saps, gold, and tin. In exchange, they brought a few luxury items to sell to

This essay is based primarily on the following sources: Lim Mah Hui, "Ethnic and Class Relations in Malaysia," soon to be published in the Journal of Contemporary Asia; K.S. Jomo, "Restructuring Society: The New Economic Policy Revisited," mimeographed, Malaysian Economic Association, May 1978; Michael Stenson, "Class and Race in West Malaysia," Bulletin of Concerned Asian Scholars, April-June 1976.



Colonial policies were intended to prevent unity along class lines.



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the local population. Local traders collected the desired products in the hinterland and exchanged them for the luxury goods brought by foreign traders. There was little reason for foreign traders to settle down in large numbers or to try to establish political control. When they felt a need for political influence, they achieved it by making alliances with local rulers rather than by conquest.

It was into this economic structure that European mercantilism intruded. The European arrival did more than change the faces of the traders: it changed the entire structure of trade and with it the basis for relations between different ethnic groups. While the Westerners took exclusive control over long-distance trade to and from Malaya, they left the hinterland trade in the hands of Asians, thus dividing what had been a single commercial network into two distinct sectors. As a result,

Chinese traders who had once functioned as importers and exporters became middle-men, who bought as cheaply as possible from producers in the countryside and sold to European traders in the port.

Even more fundamental change was to come. European efforts to assure that the goods they wanted would be produced in sufficient quantities led to massive movements of people. In the Malay peninsula, the British oversaw the development of spice plantations and tin mines to meet growing demands at home. Because the British were interested in the profits from trade and taxation, they did not at first establish the plantations and mines themselves. This was left to Chinese entrepreneurs, who migrated in increasing numbers during the 19th century to take advantage of the new opportunities.

Chinese also became the workers in the mines, and Indians provided plantation labor. Malay peasants, who still had access to plentiful land and other rural resources, refused to endure the harsh working conditions of the new establishments. The huge influx of Chinese and Indian immigrants was facilitated by British colonial authorities in Hong Kong and India. In the Larut Valley, a mining area, for example, there were only three Chinese in 1850. By 1872, there were 40,000. During the tin boom (1898-99), 100,000 adult Chinese arrived in the Federated Malay States. By 1913, there were 225,000 Chinese in the mining industry. The biggest wave of Indian immigration occurred during the rubber boom of the 1910s, when over 100,000 arrived annually (although about half this number also departed annually).

Thus by the end of the 19th century, the Malayan labor force was segmented and specialized according to ethnic group, with immigrants providing cheap and docile labor for the plantations and tin mines while Malays remained in traditional peasant production. Malay reluctance to enter the new industries proved an advantage to capitalist employers, because the immigrants had little bargaining power with which to demand higher wages. Moreover, the cost of their reproduction was borne by the countries from which they came and to which they returned when they could no longer work. Their docility was assured by immigration laws which subjected them to deportation at the



slightest sign of trouble. Malay peasants, meanwhile, supplied cheap rice to feed the burgeoning labor force, while retaining a yeoman peasant status which kept them from developing political grievances. As the growing tin and plantation enterprises gradually transformed land into a commercial commodity, special laws were enacted to protect the holdings of Malay peasants by prohibiting the sale of Malay land. While this did not prevent landlordism and tenancy, it slowed and complicated their spread. As a result, Malay peasants came to perceive their primary tensions not with landlords—whether Malay or not—but with moneylenders, who were predominantly Chinese or Indian.

The policies evolved by the colonial state were not intended to pit one ethnic group against another in active conflict but rather to prevent the different groups from uniting along class lines against their masters. By keeping each racial group within a specialized economic function, the colonial structure effectively kept them from interacting except at one crucial point. The primary “leak” in the system of insulation occurred at the level of exchange, where local non-Malay middle-men came into contact with Malay peasants and consumers.

These middle-men became the link between the subsistence peasant sector on the one hand and the capitalist sector on the other. As such, they occupied a position very close to the bottom of a long and complex chain of exploitation. At its top were the British agency houses, representing British capital, while Chinese and Indian capital played the role of junior partners, forming the weakest but most visible links. They were assigned to carry on domestic trade, which was shaped to serve the more profitable import and export business controlled by foreign capital. Not only were they powerless to determine the terms of exchange, but their “alien” status excluded them from any access to state power. Thus, whatever economic muscle they might develop, they could not muster the political clout to challenge the British, as the Malays might have had they been allowed into the commercial sector.

But the local non-Malay commercial bourgeoisie was vulnerable not only to British domination. Its high visibility made it the target for antagonisms arising from unequal economic relations. In the shops which dot every village and town in the country, Malay peasant producers came—and still do come—into contact with non-Malay traders. Whether the peasant met the trader as producer or as consumer, he or she was placed in the position of price taker, exploited by the trader. Hence, it was hardly surprising that economic grievances came to be framed in ethnic terms. Once such ethnic antagonisms were formed, they acquired a dynamic of their own which sometimes led to open racial conflict with no direct relation to economic factors.

Malay Consciousness

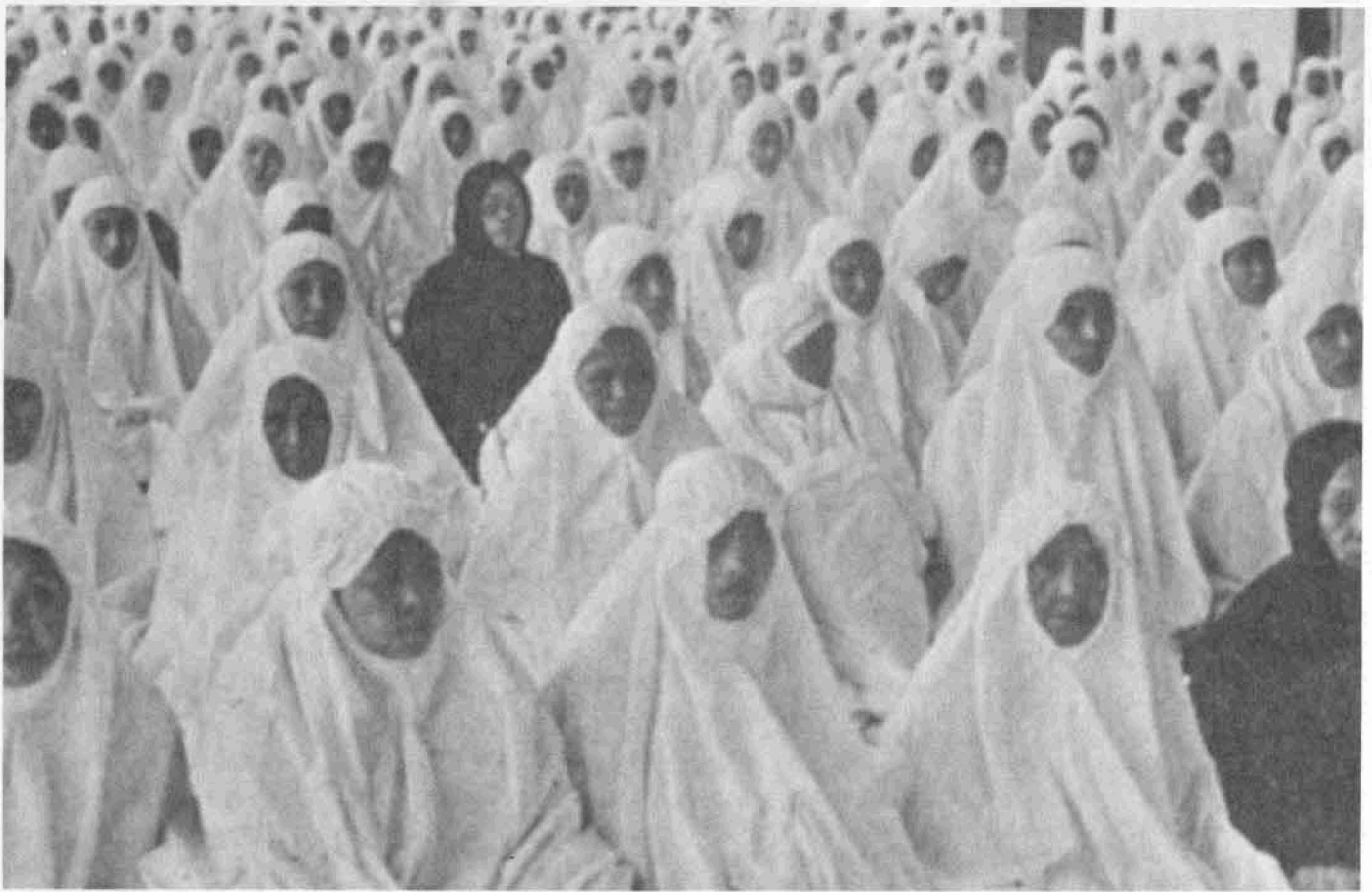
By 1931, Chinese made up 39 percent of the population of the Malay peninsula. Malays were 44.7 percent, and they had begun to express fear that they would be obliterated by the flood of immigrants. At the same time, the global depression had reduced the market for Malayan exports and with it the demand for immigrant labor. In 1933, an Aliens Ordinance came into force in the colony, and immigration had halted by 1938. With the inward flow coming to an end, the existing immigrant population took on a more settled character and began to demand more economic and political rights. A Chinese-based labor movement came into being, and local-born Chinese began to press for participation in the administrative and politi-



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cal affairs of the country. These developments began to break down the walls of insulation between ethnic communities, heightening tensions between them.

As they came to realize that the new situation was to be permanent, Malays launched a number of protest movements against what they perceived as a threat to their own survival. The strongest anti-immigrant sentiments were expressed by English-educated professional Malays and Malay aristocrats. Rather than criticizing colonial rule, however, they called for the British to help them guarantee their future by granting special rights to Malays. In their view, the Malay community needed colonial guidance to enable it to compete effectively with the immigrants in the modern sector. A more radical Malay movement led by urban intellectuals opposed colonial rule as well as the British-educated and aristocratic Malays who supported it, but this movement failed to win support among the Malay peasantry and did not become a significant national force. Despite some deterioration in conditions in the rural areas during this period, peasant political action continued to be dominated by religious and aristocratic leaders. The main political trend within Malay society was toward the breakdown of divisions between different Malay sultanates and the forging



Malay Muslims and . . .

of political unity among the aristocratic-administrative elite in the face of the alien challenge.

Japanese Occupation and Direct Ethnic Hostility

It was the three-year Japanese rule of Malaya during World War II which brought the latent racial antagonisms to a head, however, for the Japanese adopted different policies for each group. After initial hostility toward the Malays, they sought their support against the Chinese by confirming the authority and privileges of the Malay aristocracy. And they encouraged the radical Malay nationalists in their struggle against the British. Japanese treatment of the Chinese, in contrast, was notoriously brutal because of China's war of resistance against Japan. Again in contrast, the Japanese won over substantial portions of the Indian elite by supporting Indian independence from Britain. Yet they sent thousands of Indian laborers to their deaths in forced work on rail lines.

But the Japanese occupation of Malaya did more than fuel ethnic hostilities by differential treatment of the various groups. It changed much of the structure of race and class relations. By destroying the image of the British as invincible and virtually eternal rulers, the Japanese occupation seriously weakened the framework within which ethnic and class relations had taken place over the previous century. Furthermore, the occupation unleashed leftwing movements in the Chinese and Indian communities, because the victims of their policies became disillusioned with the traditional elite, who sought to protect themselves by making compromises with the Japanese. Among the Chinese in particular, the militant mass movement of the

Malayan Communist Party replaced the business community as political leaders.

While the Japanese occupation exacerbated class division within the Chinese and Indian communities, the Malays remained united under conservative leadership. Thus political differences took on racial significance. At the end of the war, the mainly Chinese Malayan Peoples Anti-Japanese Army (MPAJA) punished Malay collaborators, and Malays retaliated against Chinese in general. The ensuing racial clashes were the most serious Malaya had ever experienced. In sum, the main political legacy of the Japanese occupation was a deep-seated conflict between an increasingly assertive Chinese left and a defensively united Malay society led by conservative aristocrats.

After the war, the returning British heightened Malay fears by proposing to grant citizenship rights to Chinese in a new Malayan Union which would lay the foundations for an independent, multiracial state. The Malay elite responded by mobilizing the nearly 50 percent of the population who were Malay in an unprecedented show of unity and concern. Divided by class, ethnic, linguistic and political differences, neither the Chinese nor the Indian community was able to muster comparable strength to challenge the Malay elite's contention that ethnic survival was at stake or to demand equal rights in a single nation. The British soon dropped the proposal in order to defuse Malay nationalism and prevent further racial violence. They also hoped to restrict the growing challenge from the militant Chinese-led left by reestablishing the safely conservative Malay foundations of British rule.

With the Malay aristocracy actively supporting continued British colonialism and Malay peasants finding little reason to



... Chinese worship in Kuala Lumpur.

Randy West

oppose it, the Malay Communist Party found little support for its armed independence struggle among the Malays. Moreover, because the Malay Communist Party was predominantly Chinese and the counterinsurgency forces were mostly Malay, the war of independence contributed further to racial hostility between the two communities.

From Independence to the May 1969 Riots

The post-colonial ruling coalition was made up of Malay administrators and aristocrats, local Chinese dependent capitalists, and Indian businessmen and professionals. It lasted until 1969 and, on paper, for some years thereafter. In the first dozen years after independence, the class interests which it represented successfully shaped political and economic policy. Among the key features of its policies was the perpetuation of the hegemony of foreign capital and its extension into new spheres, such as industry. Within this framework, Chinese business interests aligned with foreign capital were protected, and the Malay bureaucratic class was allowed a free hand to expand and consolidate itself.

Although the coalition lasted for more than a decade, it was an inherently unstable arrangement. Over the years, two major points of conflict and frustration generated mounting tensions, which finally exploded in the May 1969 race riots. On the one hand, Malay bureaucrats seeking to increase their economic power found themselves constantly frustrated by the dominance of Chinese and foreign interests. On the other, the neo-colonial development policy created dissatisfactions which pitted both Malay and Chinese lower classes against the upper class Alli-

ance coalition.

Efforts to create and consolidate a Malay capitalist class generally relied on government subsidies, including direct financial assistance, advisory services, business training, and preferential public procurement policies. These helped several dozen well-connected Malays acquire wealth and economic influence by cooperating with foreign and local capitalists in need of bureaucratic links, but Malay capitalist interests as a whole continued to be constrained by the class compromise underlying the Alliance arrangement. In 1969, only 1.5 percent of total share capital in public limited companies was owned by Malays, compared to 22.5 percent owned by Chinese and 62.1 percent owned by foreigners.

At the same time, post-colonial development policies were beginning to create serious social discontent. The average income of the bottom 10 percent of the population declined by nearly a third between 1957 and 1970. Income inequalities became greater for the population as a whole as well as within each ethnic community. Malays suffered the most. Between 1956 and 1975 the Federal Land Development Authority resettled 31,000 families on agricultural plots, but 10,000 families lost their land every year. Urban working class Malays found themselves in severe and painful competition with non-Malays.

Political repression and a tradition of race-oriented politics made it extremely difficult to build multi-racial, class-based political organizations. Hence, dissatisfaction was channeled into challenges against the established Malay and Chinese Alliance leadership by parties which continued to mobilize along racial lines. These challenges led to significant losses for both the Chinese and Malay parties in the Alliance. Malay

leaders then manipulated these setbacks to increase Malay insecurity. Within days after the national elections in 1969, racial conflagration broke out as an expression of discontent among various classes within the Malay community.

Aimed at both non-Malays and the incumbent Malay leadership of Tunku Abdul Rahman, the May 1969 riots had three major consequences. They destroyed the consensus on economic and political specialization by race which had been the basis of the Alliance. They led to the end of laissez-faire capitalism as practiced by the Tunku regime. And they laid the foundation for bureaucrat capitalism. In the future, the state would be used vigorously as an instrument for capital accumulation and the creation of a Malay bourgeoisie.

Bureaucrat Capitalism and the NEP

In 1970, the government adopted a New Economic Policy (NEP) which aimed at creating a viable commercial and industrial Malay business community and at ensuring 30 percent Malay employment and ownership in all sectors of the economy. To achieve the goals of the NEP, the state has taken on a greatly enlarged role in the economy. Although Malays are targeted to own 30 percent of all shares by 1990, three-quarters of those shares are to be held by public enterprises. In a direct break with past policy, the NEP assigned the government a direct role in the task of capital accumulation. In the 1971-75 period, for example, 10 times as much in public funds was allotted to government corporations as was allotted in the

1966-70 period. This rate of increase continued during the Third Malaysia Plan for 1976-80. Funds for PERNAS (the national corporation chartered to promote Malay participation in business), for example, increased from \$4.5 million in 1966-70 to \$68 million in 1971-75, and to \$91 million in 1976-80. MARA (a government bank) received \$23 million in 1966-70, \$93 million in 1971-75 and \$143 million in 1976-80.

This new government role in the economy has brought some changes in the relative economic positions of ethnic groups. According to a report in the *Asian Wall Street Journal* of May 8, 1978, "The Malays have made a dent. By 1975 (the latest year for which figures are available), their slice of manufacturing jobs had grown from 25 percent to 32 percent. Their share of bank credit had jumped from 3.4 percent to 12.2 percent and their ownership of capital from 2.4 percent to nearly 8 percent." Yet while government-subsidized acquisition of share capital by Malay capitalists grew at an annual rate of 50 percent, the average real income of rural Malay families grew by only six percent annually during the 1970s. Such a disparity suggests that redistribution of wealth according to ethnic community is no guarantee that all members of that community will benefit.

Despite the NEP, the local Chinese business community still constitutes the major source of domestic investment capital, and this community has resisted the government's policies. Although big Chinese capitalists have adjusted to the NEP by going into partnership with Malays or bribing their way through the bureaucratic jungle, smaller Chinese businesspeople as well as lower-level Malay bureaucrats have apparently staged a silent



A work team clears a rice field for planting.

investment strike over the past several years. In early 1979, private funds available for development projects were \$4.5 billion less than called for by the economic plan. A major reason for the shortfall was a sharp increase in capital leaving the country. At the same time, a tendency to put money into such "consumer durables" as diamonds and art objects has emerged among the rich. As a result, the government will have to finance an estimated \$4.8 billion of "private investment" by the end of 1980—just over half of all private sector investment. The enlarged government outlays have been made possible by rapid development of Malaysian oil fields, though forecasts say that they will be depleted relatively quickly.

Despite the Malay elite's quest for a greater role in the nation's economy, foreign domination still constitutes the basic determinant of Malaysian economic life. This was demonstrated vividly by a 1975 effort to force foreign oil companies to return more of their profits to Malaysia and to restrict the proportion of foreign ownership in new industrial projects. The response from foreign capitalists was a virtual investment strike, which reduced investment growth in 1976 to three percent—far below the planned 10 percent. The government dropped the most objectionable sections of the new laws, and moved to restore "investment confidence" through such measures as a massive public relations campaign to publicize new investment incentives.

There is a final area in which the NEP may be planting the seeds of its own failure: the development of class consciousness among urban working class Malays. In the past this was prevented by their lack of numbers, their tendency to work in urban jobs only for short periods and then return to their rural homes, and the overriding influence of racial competition in all aspects of urban life. But the NEP's employment and industrialization policies are bringing about large-scale urbanization and a substantial urban Malay working class which depends for much of its employment on foreign-owned consumer-oriented industry (especially textiles and electronics). Not only is such employment unstable because of economic decisions made abroad, but the government also seeks to keep industrial wages low in order to foster rapid growth. In such conditions, urban Malay workers are growing increasingly impatient with government policy. This could lead them to join with non-Malays in a unified, militant labor movement.

In the countryside, class differentiation is developing without the complications of ethnic distinctions. Numerous studies point to increased tenancy and landlessness and the concomitant entrenchment of Malay landlords, mostly traders and government officials. While much peasant political action still follows populist-Muslim lines, there are increasing signs of peasant willingness to participate in class-based actions. Recently urbanized Malay peasants returning to rural life are among the leaders in this direction. As urban Malays are becoming more radical, they are beginning to forge links with radical Malay peasant groups and to inject into the countryside the attitudes and doctrines of more secular, urban class conflict.

It is too early to tell how fast the trend toward class-based action and the decline of ethnic conflict will go. The history of racial antagonism goes so far back that class relations often are expressed—albeit in distorted fashion—in ethnic terms. More important, although the government officially condemns racial conflict and calls for national unity, it continues to drive the peoples of Malaysia further apart by making race the focus of concerns about inequality. While the origins of ethnic conflict can be traced to the colonial past, its continued presence today



European colonists changed the entire structure of trade and of relations between ethnic groups.



must be attributed to the post-colonial state and the manipulation of ethnic issues by Malay bureaucrat capitalists in their drive for more and more economic power.

Apparently standing above the racial fray are the foreign capitalists. By maintaining their control over key sectors of the economy and their dominance over economic policy-making, they have managed to profit from each phase of racial conflict, from colonial days through the NEP. In the past, anti-imperialism was espoused primarily by Malaysian-Chinese radicals and was therefore weakened by the political isolation of the Chinese community as a whole. Anti-imperialist Malays, on the other hand, were overwhelmed by the more powerful racial trend in Malay community politics. In the past few years, Malay radicals have taken up anti-imperialism as a framework for explaining the ills of Malaysian society with greater success. In the not too distant future, the increasing propensity of workers among Malaysia's three races to act on the basis of class interests, combined with the exposure of the exploitative character of foreign capital will lay the political foundations needed for radical changes in Malaysian society. □



Malaysia's Response to the Boat People: The Ethnic Factor

by Judith Strauch

Officials deny race is the reason, but ethnic Chinese from Vietnam meet harsher treatment than Muslim refugees.

Communalism is a central fact of life in Malaysia. It is critical in the formation of national policy on virtually any subject. The issue of the Vietnamese refugees who flooded the country's east coast throughout the spring and summer of 1979—and continue to arrive in smaller numbers even now—is no exception. There are three primary factors: Malaysia's "delicate ethnic balance"—roughly half Malay and one-third Chinese; the role of communalism in Malaysian party politics; and the high proportion of ethnic Chinese among the refugees themselves.

The United Malay National Organization (UMNO), the senior partner in the government, faces two political concerns which are often mutually antagonistic. Both have an impact on the refugee question. On the one hand, UMNO must maintain at least a semblance of balance within the government, giving its Chinese partners "face" and legitimacy in the eyes of their constituency. At the same time the moderate UMNO leadership must show adequate special concern for Malay interests. This is needed to keep the party's more militant youth wing in check. It

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is also a response to the constant challenge by the opposition "ultra"-Malay party, PAS. PAS is not bound by the same pragmatic or ideological constraints that deter the ruling UMNO from taking overtly chauvinistic stands in order to win Malay support. It actively stirs up religious and racial questions. The deluge of refugees (not only non-Malay and non-Muslim, but Chinese, no less!) along the coasts of PAS's traditional strongholds of Kelantan and Trengganu is an issue virtually tailor-made for agitation embarrassing to UMNO.

and complaints that play on Malay peasant fears most effectively. Malay coastal villagers offered help to the first boats arriving in the years immediately after the U.S. withdrawal from Vietnam. But they were understandably frightened by the huge numbers who appeared in 1979, reminiscent to them of the Japanese invasion a generation earlier. And the ethnic dimension of the current "invasion" did not remain unnoticed for long.

Most sources say PAS has spread the rumors, almost ridiculously unlikely, that

in the context of Malaysia's communalism) that the ethnic factor plays no role, for refugees of any sort would be equally unwelcome when such numbers are involved. Yet some 120,000 refugees from the southern Philippines, who like the Malays are Muslim, are currently in the East Malaysian state of Sabah, where they have had free entry for several years. Many work there, and many will remain settled there permanently. And some 3,000 Kampuchean Chams, also Muslim, carefully selected from camps in Thailand, have



The problems presented by such massive numbers of refugees* in the most underdeveloped, economically depressed area of the country are real enough. The provision of food and shelter has been underwritten financially by international agencies. But it is the Malaysians who must deal with the logistics of transportation of goods and materials, security measures, and the like. Moreover, the presence of refugee camps has undoubtedly had an effect on the local economy. High demand for food and other goods raises the price Malay peasants must pay for them. Meanwhile, well-placed Malaysians reap profits from the sale of over-priced goods to refugees who have no alternative sellers to turn to. Although price-gouging and economic insecurity contribute to local discontent, it is widespread political charges

the government is purposely allowing hordes of Chinese into the east coast states to "swamp" the Malays (as punishment for supporting PAS?). But at least one PAS source retorts that the story is actually spread by the UMNO Youth (to discredit their own party leadership and bring about an internal coup?). Perhaps more serious is the charge that the refugees represent an attempt at communist infiltration, but alien subversion in fact remains far less a threat than domestic unrest. The government's firm denial of resettlement to any of the 'boat people'—and the subsequent hardline policy of towing boats back to sea, enforced throughout the summer of 1979 after a threat to "shoot them on sight" had been retracted—can best be seen as attempts to defuse internal political tensions. The international response, speeding resettlement to third countries, was a welcome bonus.

Government spokesmen defend the hardline policy, asserting (somewhat absurdly,

been resettled permanently in West Malaysia. Chinese-Malaysians talk privately of the irony of government recruitment efforts in Pakistan and Indonesia (countries predominantly Muslim) for medical professionals. Many well-qualified doctors and other highly-trained personnel sit in Malaysian refugee camps waiting for resettlement elsewhere.

It is understandable and laudable that Malay Muslims are eager to assist fellow Muslims in distress. That Chinese-Malaysians hardly speak out about similar concerns for fellow ethnic Chinese does not indicate they are insensitive. It shows their own sense of vulnerability in the context of Malaysia's definitions of loyalty—where Chinese have to prove their loyalty in ways Malays do not. The Malay opposition apparently feels greater freedom to condemn the ethnic Chinese refugees than Chinese leaders, even those in government coalition parties, feel to plead their cause.

*Between August 1978 and June 1979 over 96,000 refugees arrived on Malaysia's shores, an average of over 2,000 a week. Refugee camps there held over 75,000 people in August 1979.

The government insists that the refugee issue is an international problem, one that warrants no local discussion. Since the formation of a special-purpose task force of military leaders (and it should be noted that the Malaysian armed forces are composed overwhelmingly of ethnic Malays), private groups and individuals are allowed virtually no contact with the refugees. The Malaysian press has shown its customary sensitivity to government innuendo and imposes a degree of self-censorship. Both English and Chinese language media have covered the issue exclusively as international news, reprinting interviews with refugees in Hong Kong and Thailand, for example. So far as the Malaysian situation is concerned, they have not ventured beyond official pronouncements. In one rare public statement admitting the possible relevance of the refugee situation to local problems, Home Minister Ghazali Shafie effectively squelched any further discussion by implying that such debate might serve the aims of others:

For instance, in Malaysia, the Vietnamese and Russians would instigate the Malays (while at the same time using Islam) into thinking that the country's problems were part of a plan by China to take control of the Malays and that China's agents here were Malaysians of Chinese origin. China, meanwhile will instigate people of Chinese origin to condemn Vietnam and urge the Malaysian government to accept the Vietnamese illegal immigrants (the majority of whom are of Chinese origin). Thus, a situation of confrontation between the Malays and the Chinese could possibly develop.

—*New Straits Times*, July 15, 1979

Chinese-Malaysians, ever sensitive to suggestions of disloyalty, have responded just as the government would wish. They have remained silent for the most part. The very vocal opposition leader, Lim Kit Siang, called unsuccessfully for parliamentary debate, then asked for an all-party nonpartisan conference to discuss humanitarian aspects of the problems. He has been very careful with the subject, though. He praises the restraint the Chinese community has shown in steering clear of the issue, going "out of their way not to do or say anything on the refugee question which could remotely be misconstrued as siding with ethnic Chinese from other countries against the interests and welfare of Malaysia." This, he says, demonstrates a willingness "to act and conduct themselves in a way which takes into account the fears of



Ghazali Shafie

The government policy of towing boats back to sea was an attempt to defuse internal political tensions.

the Malays." But Lim goes on to bemoan the implicit contradiction:

The conduct of the Chinese community in Malaysia over the refugee issue should be accepted and recognized by all Malaysians as a mark of loyalty and attachment to Malaysia, albeit at a price of humanitarianism. . . . The major cause inhibiting or restraining greater humanitarian assistance being rendered to the Vietnamese refugees by Malaysians whether individually or in groups, is the fear that this might be exploited politically to fan the fears of an upset of the ethnic equation.

—speech delivered July 15, 1979

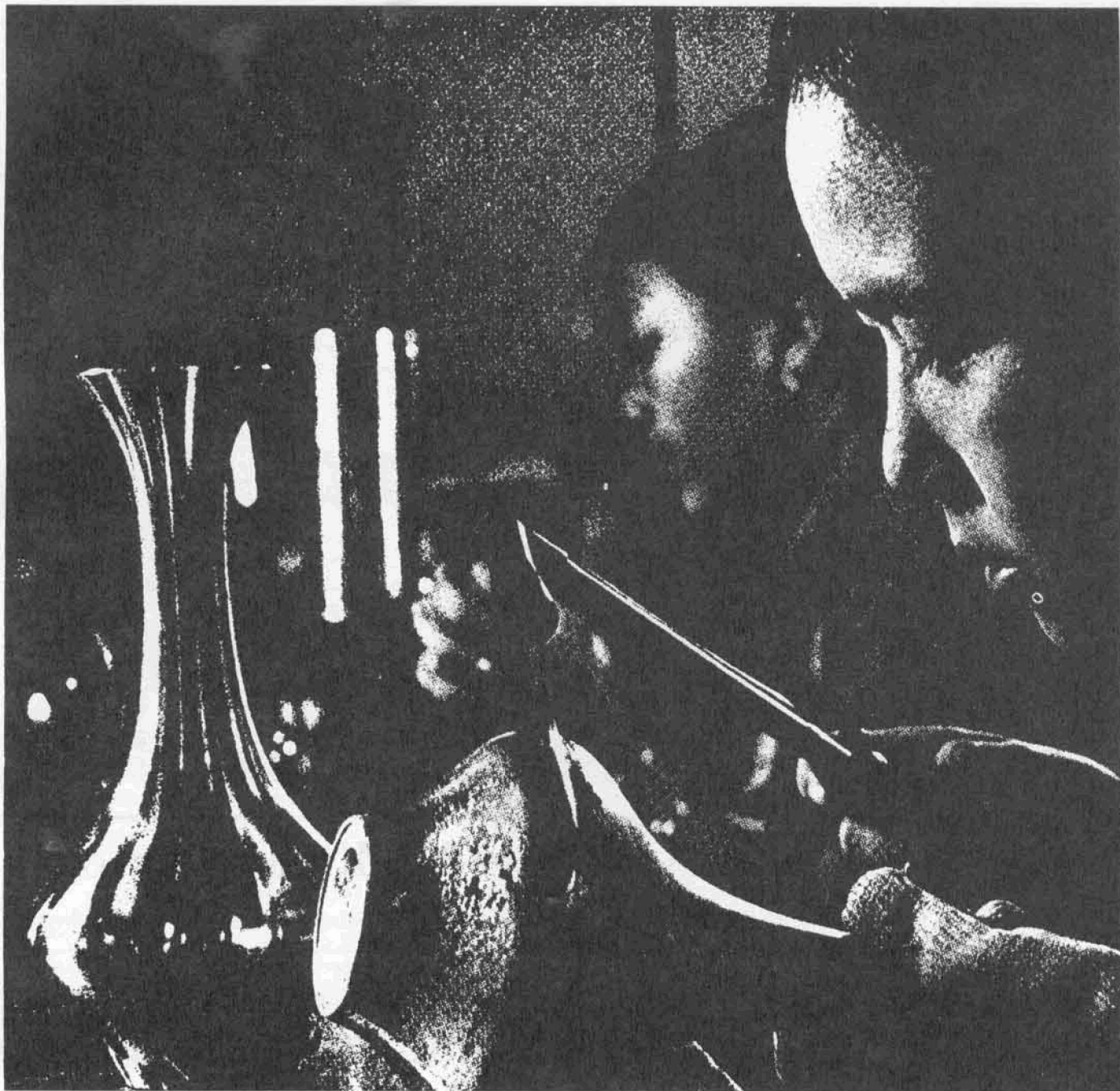
Given Malay political dominance, the Chinese-Malaysians have learned to walk carefully on the eggshells of ethnic tension. The Chinese community has, broadly speaking, complied with the government's policy decision to keep the refugee issue out of the arena of legitimate public debate, although some agitation persists among dissident Malays. As is often the case in Malaysia, unfortunately, the suppression of open discussion does not resolve ethnic tensions. Instead, it lends tacit support to their expression in indi-

vidual behavior. While this is unsanctioned, it also goes unreprimed.

There were many well-substantiated reports of mistreatment of refugees by uniformed Malaysian officers last summer when the hardline policy was most strictly in force. Gold and valuables were confiscated "for safe keeping" by Malay customs officials who offered receipts that could never be cashed in. Boats towed to sea were jerked along in dangerous zig-zag courses that succeeded in swamping many small craft and drowning many of their occupants. Some were pulled aboard naval craft only to be beaten, robbed and raped. Survivors now safe in the Indonesian islands report bitterly that worse treatment was meted out to larger boats, whose passengers were known to be primarily ethnic Chinese. Small fishing craft, bearing only a few refugees who were likely to be ethnic Vietnamese, were treated more courteously. The only thing distinguishing Malay navy men from Thai pirates, some said, was that the Malays wore uniforms. Such behavior is no doubt unauthorized. But these complaints have so far drawn only token investigation by the government. No reports of serious punishment for Malaysian offenders have reached the press. It seems clear that there is a tacit understanding among officers and in the ranks that wide latitude is permitted in individual treatment of refugees.

Meanwhile, Chinese-Malaysians in the east coast states express growing concern about the local climate of ethnic relations, the increase in crime and the lack of protection by Malay police. One ethnic Chinese refugee who swam ashore and was aided and fed by a Chinese-Malaysian family reports that they warned him not to reveal his Chinese ethnic background to any Malay officer who might pick him up before he got to a camp.

During the general elections campaign in July 1978, the Chinese party in the ruling *Barisan* coalition distributed a handbill showing contrasting photographs of weeping ethnic Chinese refugees from Vietnam and laughing, partying Malaysian Chinese, with the slogan "Vote wisely, vote *Barisan*." This was interpreted by many Malaysian Chinese—as the context of Malaysia's ethnic tensions—as a thinly veiled warning: show gratitude "wisely," or . . . Today, Malaysian Chinese make wry private jokes about the use that they might one day have for the Vietnamese boats now rotting on the beaches. But in public they maintain the customary hopeful, though wary, silence that is part of the delicate Malaysian ethnic compromise. □



For More Resources on Malaysia

Amnesty International
314 West 58th Street
New York, NY 10019
(212) 582-4440

Has published: "Report of an Amnesty International Mission to the Federation of Malaysia, November 18-30, 1978."

Asian Forum on Human Rights
568 Nathan Road, 12/f
Kowloon, Hong Kong

Is organizing an international campaign to push for repeal of politically repressive laws in Malaysia.

Has published: *The State of Human Rights in Malaysia*, a collection of primary source documents, U.S. \$12.

Asia/North America Communications Center
2 Man Wan Road, 17-C
Kowloon, Hong Kong

Has published: *America in Asia: Research Guide on U.S. Economic Activity in Pacific Asia*, U.S. \$10; *Asia Monitor*, a monthly bulletin on U.S. economic activity in Asia, subscription rates on request.

CARPA—Committee Against Repression in the Pacific and Asia
P.O. Box K717
Haymarket 2000, Australia

Is organizing an international campaign to free Professor Syed Husin Ali.

Publishes: *CARPA Bulletin*, A\$2 domestic, A\$4 foreign.

FUEMSSO—Federation of United Kingdom and Eire Malaysian and Singaporean Students
c/o NUS (International Department)
312 Pentonville Road
London N1, England

Publishes: *FUEMSSO News Service*, a bimonthly bulletin of events in Malaysia and Singapore.

Malay News Service
P.O. Box 164
Fitzroy, Victoria 3065
Australia

Distributes news and analysis of events in Malaya and the region.



Randy West

Rex Mortimer: An All Together Kind of Person

Cancer claimed the life of Rex Mortimer in December. He was 53. Until the end he was a creative scholar and an imaginative teacher. In his last difficult weeks, by an enormous effort of will, he traveled from Sidney to the Australian National University in Canberra to give a seminar on Indonesian Communism, the focal point of his studies and teaching for more than 15 years. He ranged beyond the bounds of Indonesia to deal with problems like class formation in the Third World and, as he titled one 1979 paper, "Asian Marxism and the Diseuropeization of the World." His thought was influenced by several strains of Marxism including that of the Australian Communist Party during his student days from 1945 to 1947 and the seven months he spent in China as a cadre trainee in 1957.

One of Rex's colleagues, Herb Feith, summed up what Rex meant to his friends in an address at his funeral in Sidney January 4. He says it better than we could:

"Rex treated people as brothers and sisters. . . . He had an easy way of getting across barriers, barriers between races and cultures, barriers between men and women, barriers between staff and students and barriers between adults and kids. He was a natural egalitarian.

". . . He was good at sharing. He was willing to go to enormous lengths to help people who needed help. But it was a tough-minded kind of helping usually. . . . He was always against the sort of kindness that suffocates the people who

receive it. He believed in solidarity and mutuality rather than kindness or doing good. . . .

"For me Rex Mortimer was the very epitome of a radical. It is not just that he hated easy answers and insisted on getting to the root of things in his thinking and analysis. It is not just that he was impatient with superficial and conventional thinking—and with self-righteous thinking and fanatical thinking. It is not just that he hated the pedantry of a lot of academic life—and enjoyed sending it up. It is not just that he had too strong a sense of the great historical forces at work all around us to have any faith in patchwork solutions. Being a radical, for Rex, meant getting down to the roots in another sense as well, in the sense of sticking close to the people at the bottom of the pile, to the kinds of people who ride in trams and trains rather than in planes, the kinds of people who clean floors in university offices, the kinds of people who are always getting the rough end of the stick in their personal and family lives. If ever there was a man who served as a model for people who are serious about the work of being a radical it was Rex.

"Rex Mortimer was an all together kind of person. With his death the world is a poorer place. But there is another way of putting that. Rex used to puzzle about the way in which gaiety often comes crashing into the darkest corners of human living. So I think he'd want us to look at the other formulation. That is that the world is a richer place for Rex Mortimer having lived in it." □

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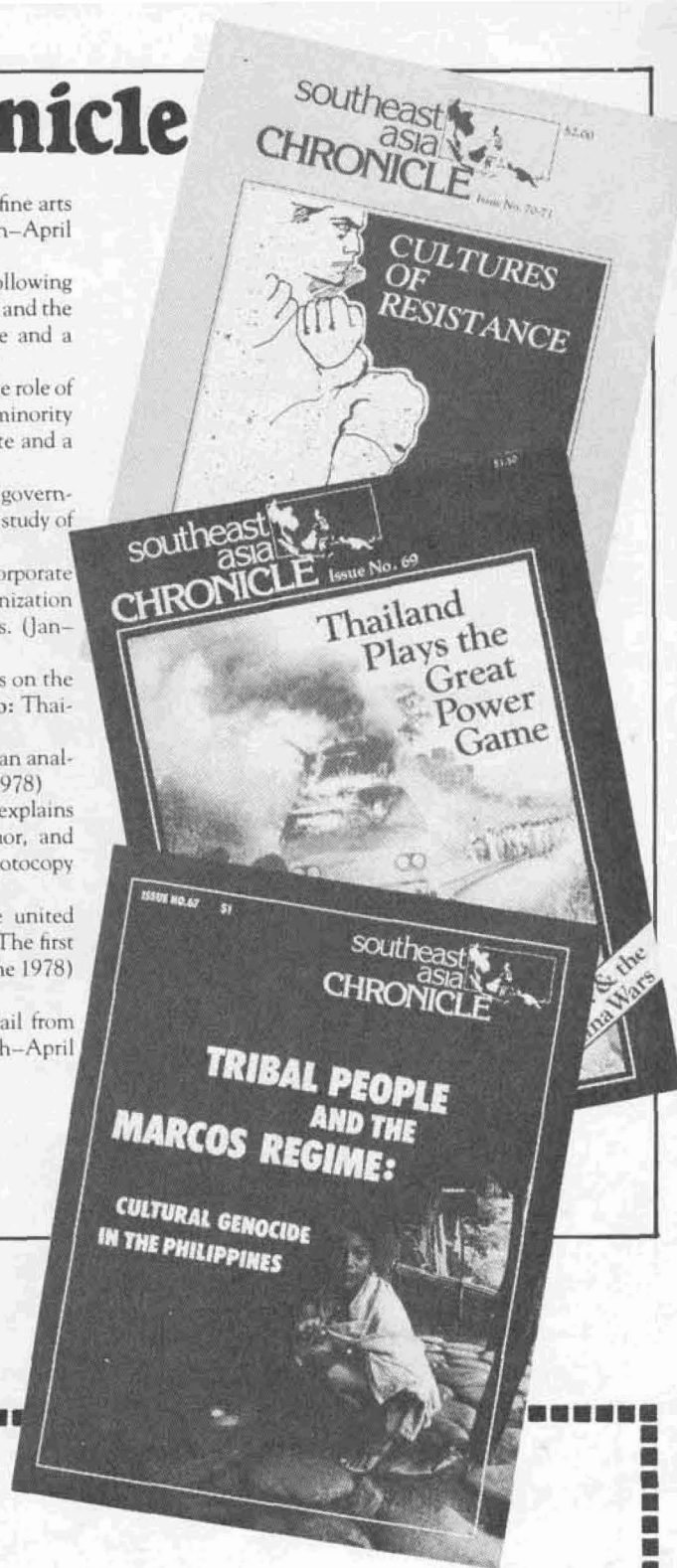
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Malaysia: What Price "Success"?



Randy West

A parliamentary democracy with a booming economy — this is the carefully cultivated image Malaysia presents to the world. If there are troubles in the society, they are chalked up to tensions among the major ethnic groups — Malays, Chinese and Indians.

The image, however, is a sham. In this issue the *Southeast Asia Chronicle* takes off the masks.

- Parliamentary rule survives at the whim of the Malay elite. The political and legal system allows for

systematic repression of any individuals and groups who threaten their power.

- The Malaysian economy institutionalizes underdevelopment. Foreign and domestic investors profit from the economic growth, but poor families watch their real income drop.

- Race provides a convenient excuse for tensions which are, in fact, rooted in contradictions between rich and poor, the powerful and the powerless.

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